Daily Report

Latin America

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Palestinian, Latin American, Caribbean Conference Opens in Santiago

PY2606135193 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 26 Jun 93

[Text] The third Congress of the Palestine, Latin American, and Caribbean Conference was inaugurated in Santiago tonight. The ceremony was presided over by Suha 'Arafat, wife of the PLO leader.

The blonde Suha 'Arafat appeared at the Diego Portales building in an atmosphere that resembled that usually surrounding a member of the British royal family than a Palestinian activist. She was born in Jerusalem 32 years ago. The wife of PLO leader Yasir 'Arafat is a political scientist and speaks six languages. She is leading the inauguration ceremony attended by Palestinian representatives of 18 Latin American and Caribbean countries. This congress will continue over the weekend.

Latin American Parliament Secretary General Discusses Drug Meeting

PA0707043593 Caracas Venezolana de Television Network in Spanish 1550 GMT 2 Jul 93

[Interview with Colombian Senator Humberto Pelaez, secretary general of the Latin American Parliament, by unidentified reporter in Caracas—live]

[Text] [Reporter] Senator Pelaez is attending the third meeting of the Latin American Parliament Commission on Defense and the Struggle Against Drug Trafficking in Caracas. Good afternoon, Senator.

[Pelaez] Good afternoon.

[Reporter] What key issues have you discussed over the past two days regarding drug trafficking, which is a serious problem that affects all Latin Americans?

[Pelaez] This gathering was held especially in preparation for a big meeting that will be held in Buenos Aires from 2 to 4 August with justices, judges, and officials from various governments in Latin America and other regions of the world. The Latin American Parliament is quite concerned about the intensification of drug trafficking despite the great struggle that many countries are waging. The problem is not decreasing; on the contrary, it is increasing. The Latin American Parliament commission that specializes in drugs is considering various proposals.

[Reporter] What are those proposals?

[Pelaez] The Argentine delegation has proposed the possibility of an addition to the 1988 Vienna Convention that would allow every country to extradite individuals involved in this type of crime. Nevertheless, many Latin American constitutions prohibit the extradition of nationals. We are also considering the possibility of establishing laws in those countries where money laundering is not a crime, and we are considering the implementation of regulations to make these laws compatible throughout Latin America.

[Reporter] Apparently one of Latin America's difficulties in dealing with drug trafficking is precisely the disparity of its legislative and legal opinions.

[Pelaez] Yes. This has been a good experience. Legislators from 13 countries have attended and each of them have related their experiences and the laws that exist in their countries. We heard about the situation in Brazil. I related Colombia's; we heard of the very special situation in Bolivia where there are even policies and laws regarding the treatment given those who are described in that country as repentant. In Colombia, drug traffickers surrender to justice and establish some form of dialogue. People who wish to leave those activities, who confess their crimes or simply express a decision against further participation in drug trafficking are treated kindly by the state because the issue is to eradicate these activities once and for all instead of pursuing a policy of repression that has changed nothing and will only destroy our institutions and even our already impoverished Latin American economies.

[Reporter] I read in one of the commission's reports that the Colombian drug cartels operate like multinational firms. Do you believe the Latin American states have the necessary resources to deal with such specialized drug trafficking?

[Pelaez] As a person who has studied this situation quite a bit, I can say flatly: no. The states do not have the short- or medium-term capability and it is impossible to make long-term predictions as to what will happen. These countries lack the resources. The cartels have large organizations and a great deal of money and can penetrate many segments of society.

It would be best to have imagination, which is what we in the Latin American Parliament are doing in an effort to find some other kind of solution. What really counts is at least reducing drug trafficking, if it is not at all possible to eliminate it, for the world population's good.

[Reporter] Reading international dispatches from Colombia, one gets the impression that there is an obsession with Pablo Escobar's capture and an inclination to disregard drug trafficking by other capos. It has even been reported that the drugs moved by Escobar represent perhaps only 5 percent of all drug trafficking.

[Pelaez] Well, I could not give an accurate answer in matters of statistics. I can say, however, that the media themselves decided to remove Escobar from the news, so that not everything said deals with him. The country suffers from other problems and there are many positive news items to report. The reason the media report more about him is because he is a fugitive. Other cartels also exist, although the prosecutor general himself recently denied their existence. Many organizations engaged in these activities coincide in the same region, although they do not always operate in agreement. Escobar is the fugitive, but Colombian policy is to fight all of these organizations.

[Reporter] According to the same report I mentioned earlier, the cartels are moving to other Latin American countries, such as Brazil, Ecuador, Peru, and even Venezuela as the result of the unrelenting fight on drug trafficking in Colombia. Could you expand on the displacement of drug trafficking to neighboring countries?

[Pelaez] There are several reasons for this. A number of years ago, we asked that Colombia not be left alone in this struggle because, if Colombia succumbed, drug trafficking would of course spread to other countries, which is precisely what is happening. Why does this activity spread? Because consumption increases. I think we are dealing with the problem incorrectly. The world demand must be reduced or eliminated. As long as there is demand, either in Colombia or any other country,

there will always be a supply. This business yields huge profits. There will always be someone who engages in this activity.

[Reporter] The United States has focused its efforts against drug trafficking on producing countries but has not taken consumption into consideration. Have you people assessed this point in particular?

[Pelaez] Yes, to a large extent. We have heard a number of speakers at various forums. There seems to be a consensus accusing, not only the United States but other large industrialized countries as well, of hypocrisy because they are not fighting the use of drugs. We have learned that the U.S. Government has even reduced the budget for treatment to discourage the use of drugs. The U.S. Government wants us to do all the work, devote all of our meager resources to this struggle and keep sacrificing lives to solve its problem for it. I think it should be the other way around. We have also been told to substitute crops and implement an alternative economy so the people can resort to other ways of living. But, when we succeed in having the people grow bananas, sugar cane, or citrus fruits, we find international markets closed to these products. We should not be told to plant something else, only to leave us alone. In addition, the U.S. Government, according to its protectionist policy in Latin America, bans the purchase of these products.

[Reporter] There is a debate going on in Venezuela regarding the possibility of drug trafficking penetrating the electoral campaign. Since Colombia has some experience in this, what suggestions can you make to Venezuela on the penetration of drug traffickers in politics and institutions?

[Pelaez] Such an occurrence is always possible, but not always detectable or preventable. When it happens, it is because the state finances political campaigns, as is necessary in Venezuela. It can't happen unless the proper authorities exercise the necessary controls over the parties to have them show their books and justify the source of the money used in campaigns.

I believe there is a way to do this. I would like to take this opportunity to say that most politicians are honest but the majority must pay for the actions of a few. This happens not only in politics but in other professions as well. Reporters, for example, are sometimes criticized, but I would like to take this opportunity to congratulate them for the day they recently celebrated. We are unfair to reporters; when one of them makes a mistake we say that reporters are uninformed or that they do not faithfully report the facts, but the contrary is true; reporters deserve our respect.

[Reporter] I would not want to waste this opportunity. Since you are president of the Colombian Senate's Foreign Relations Committee, I would like to broach the issue of bilateral relations with Venezuela, especially pertaining to our borders. Recently the governments of both countries decided to temporarily suspend the debates on the delimitation of marine areas in the Gulf of Venezuela. What are your views on this issue. Do you agree with the suspension?

[Pelaez] I do not exactly agree with the temporary suspension, if it means that the talks will be discontinued. I believe the talks must continue but we must do everything possible to depoliticize this issue in both countries and not make it a source of controversy. I believe that already good relations between Colombia and Venezuela have improved recently and will allow us to continue talking. I am sure that if we stick to the paths of dialogue and cordiality we will settle this age old problem. As a person who visits the borders and frequently visit Venezuela, I am absolutely sure of the brotherhood of Venezuela and Colombia. In Colombia we love Venezuelans and we are sure that you love Colombians. There are minor differences between our governments but our peoples are brothers and both countries are working for Latin American integration.

[Reporter] On this positive note we thank Senator Humberto Pelaez for being our guest.

Cuba

Three 'Who Smuggle People' Arrested 4 Jul

FL0607194893 Havana Radio Rebelde Network in Spanish 1700 GMT 6 Jul 93

[Text] On the afternoon of 4 July, Border Guard Troops captured another three people who smuggle people at Punta Tijeras in Santa Cruz del Norte, Havana Province. According to the initial confessions of the arrested, their boat sunk upon running aground after they had decided to return to the United States because of fuel limitations. The three smugglers had left Cuba between 1992 and 1993 and are Jose Maria Garcia Vega, Jose Farinas Grova, and Ernesto Walfrido Bourzac Nieto. The last was arrested during Operation Cascabel, popularly known as Operation Maceta.

The Scorpion-type speedboat was detected by Border Guard Troops as it approached the Cuban coast, and, after warning shots, headed north at a great speed. Later, it ran aground while trying to return because of lack of fuel. A coastal sweep was immediately conducted, resulting in the detection and arrest of six people who apparently were to be picked up in another human contraband transaction between Cuba and the United States. Unscrupulous elements engage in this trade for profit, risking the lives of children and women. Three of the six arrested on the coast have criminal records for common crimes.

Border Guard Troops authorities have informed the U.S. Coast Guard Service of this new violation of Cuban territorial waters.

'Commerce of Human Lives' Viewed

FL0507014393 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 Jul 93

[Text] A JUVENTUD REBELDE editorial entitled Who is Responsible? analyzes the latest pirate action against Cuban territory. The newspaper states that barely a week after Fidel spoke on a reduction in the level of hostility in the current U.S. Administration, two boats from the United States were captured in Cuban territorial waters. The editorial asks: How long can the Florida-based counterrevolutionary organizations violate the law with impunity and use their economic power to influence the position of the U.S. Government by promoting incidents aimed at hampering the already deteriorated relations between both nations?

The editorial adds: Is it perhaps that the triumphalist spirit of the anti-Cuban spheres in Miami, in light of the economic difficulties Cuba is experiencing, believe the absurdity that we have relinquished the defense of our sovereignty? The editorial also adds: Is it not a flagrant violation of human rights to promote the commerce of human lives induced by an aberrant immigration policy? The editorial ends: The revolution has never forced anyone to be a revolutionary. Those who from Miami promote incidents such as the one that took place a few days ago in Cojimar, ought to face, as the only culprits, the virile and righteous punishment of a people who defend their conquests.

Castro Sends Letter of Congratulations to Sugar Workers

FL0607195993 Havana Radio Rebelde Network in Spanish 1700 GMT 6 Jul 93

[Text] Commander in Chief Fidel Castro has sent a letter of congratulations to the workers of the Uruguay Agroindustrial Sugar Complex in response to a letter to him expressing the workers' commitment to continue developing sugarcane recovery tasks as well as any other necessary undertaking. Fidel's letter stresses the importance of the result attained in the gigantic effort of all the people to overcome the difficulties added by the adverse weather that affected Cuba, especially the conclusion of the harvest. Fidel adds: I have had the satisfaction of confirming time and time again, in the midst of the particularly difficult conditions under which this year's harvest was conducted, that there exists something I have never doubted—the spirit of struggle and sacrifice and the will to work, on the part of countless work centers like yours.

Fidel also said in his letter: We congratulate you with all our heart; we truly appreciate the commitment expressed and urge you to continue being a source of pride for all workers of Sancti Spiritus Province and an example for all Cuban sugar workers.

The workers of the Uruguay Agroindustrial Complex, in turn, sent another letter to Fidel in which they pledged to surpass by 50,000 tons the production achieved in the recent harvest and to promote sugar recovery programs.

Minfar Commission To Inspect Central Army Units

FL0607211593 Havana Radio Reloj Network in Spanish 1939 GMT 6 Jul 93

[Text] A military ceremony at a large tank unit welcomed a Ministry of the Revolutionary Armed Forces [Minfar] commission that will inspect the compliance of the six work directives for 1993. The team will inspect the results of training and defense readiness in several units in Matanzas and Jovellanos Municipalities.

The Minfar commission will observe the political and disciplinary status of the troops, their morale, the maintenance and protection of equipment and weapons, and the condition of the theater of operations, among other aspects. An additional issue to be examined is the fulfillment of the commander in chief's guidelines for the special period, particularly measures adopted by the Central Army to spread and implement innovations.

Need 'To Clear Paths in Light of Imposed Realities' Viewed

FL0507154593 Havana Radio Rebelde Network in Spanish 1155 GMT 5 Jul 93

["Our Opinion" commentary by Ariel Larramendi]

[Text] The challenge presented by the new times we are confronting is unprecedented. Among other things, we will have to clear paths in light of imposed realities, as well as improvising wisely.

It is not useless to repeat it: Those other times—back when Cuba's economy was within the framework of integration with the socialist countries and the Soviet Union, which gave us the advantage of one-year, five-year, and even long-term planning according to a scheme from a council of mutual economic assistance—that provided for planning as far in advance as the year 2000 are now a thing of the past.

That situation used to allow us to take appropriate measures as to what internal programs we needed to develop. We used to know how much fuel we would have in subsequent years, fuel that constitutes raw material for industry [words indistinct] we could place on the market, with a good exchange relationship. This gave us the possibility of foreseeing how a country like ours, with an open economy, should comfort itself. It was assumed that antagonistic contradictions were not being generated and that the socialist project was irreversible.

Though things might not have been easy, at least the nation's development depended on us, on our ability to be efficient. Errors were made; nevertheless, we had a positive influence on the nation's destiny. We moved forward.

I offer this as proof because it is obvious that today things are different. The situations we are facing require a change in tactical thinking, which will unquestionably entail modifications in the way we size up problems and solve them wisely and creatively. The complexity of the situation is such that the Cuban Government cannot allow itself the luxury of sidestepping existing situations, situations that have arisen as a result of diverse factors both economic and extraeconomic, such as the United States's (?disunity) and the fact that a community of Cuban dissent exists there; the fall of the socialist bloc, [words indistinct] the very [word indistinct] that generated the past 30-plus years of revolution, and the isolation to which certain people tried to subject us by means of the embargo.

Many people think that certain of the measures needed risk compromising the purity of our principles, that inequalities could be generated, inequalities, some of which already independently (?exist) in Cuban society and that, in the final analysis, (?all this) is going to carry too high a political cost.

There is undeniably a certain amount of truth in this. These are not, however, times in which to stand on ceremony. Any price can be paid except the price constituting the revolution itself, independence, and the principles [words indistinct]. There is no [word indistinct] road than [words indistinct]. And that's the way it is.

Castro Greets Visiting Vietnamese Prime Minister

FL0607225493 Havana Cuba Vision Network in Spanish 2220 GMT 6 Jul 93

[Text] Vietnamese Prime Minister Vo Van Kiet, a member of the Politburo of the Communist Party of Vietnam, arrived this afternoon in Cuba. Commander in Chief Fidel Castro, first secretary of the Communist Party of Cuba and president of the Councils of State and Ministers, greeted the distinguished visitor at Jose Marti International Airport in Havana.

Because Vo Van Kiet has come to Cuba at the official invitation of our commander in chief, his visit is both an official and a friendly one that will contribute to strengthening the ties of brotherhood and solidarity between the peoples. A large delegation from the Vietnamese Communist Party and the SRV Government is accompanying Prime Minister Vo Van Kiet.

'Red-Carpet' Welcome Noted

BK0707064393 Hanoi VNA in English 0612 GMT 7 Jul 93

[Text] Hanoi VNA July 7 - A high-level party and state delegation led by Vo Van Kiet, Politburo member of the Communist Party of Vietnam Central Committee and prime minister, arrived in Havana on the afternoon of July 6 for an official friendship visit to Cuba. Prime Minister Vo Van Kiet is accompanied by Nguyen Duc Binh, Politburo member and Secretary of the Party Central Committee Nguyen Manh Cam, member of the Party Central Committee and foreign minister, Vietnamese Ambassador to Cuba Le Duc Cang, and other officials.

The delegation was given a red-carpet welcome at the Jose Marti International Airport. Present in the welcoming party were Fidel Castro, first secretary of the Cuban Communist Party Central Committee and president of the Cuban State Council, and Ricardo Alarcon, chairman of the National Assembly of People's Power, Carlos Lage, vice president council and standing secretary of the Council of Ministers, Roberto Robaina, minister for foreign affairs, Jose Ramon Balaguer, in charge of external relations and ideology, Jorge Lezcano, first secretary of the Havana Party Committee, all of them Politburo members of the party C.C. [Central Committee], Tania Maceira, Cuban ambassador to Vietnam, and other party and state officials. At 15:55 hours (local time) the special plane carrying Prime Minister Vo Van Kiet landed at the airport. President Fidel Castro went to the plane to warmly embrace Prime Minister Vo Van Kiet and members of his delegation.

President Fidel Castro and Prime Minister Vo Van Kiet reviewed a guard of honour and shook hands with the well-wishers. Then, President Fidel Castro and Prime Minister Vo Van Kiet, escorted by a motorcade, drove to the government guest-house. Prime Minister Kiet thanked the Cuban leaders for the warm reception accorded to the delegation right on the first day of its visit.

U.S. Support of Angolan Government Noted

FL0507214393 Havana Radio Reloj Network in Spanish 1957 GMT 5 Jul 93

[Text] The United States will not permit the current Angolan Government, elected by the people, to be destroyed. This was stated on 4 July by (Edmond Dejarnet), the U.S. economic charge d'affaires in Luanda. The diplomat's statements, which were published by the local press, were made during a ceremony in the brand new U.S. Embassy to mark the 217th anniversary of U.S. independence. Various Angolan Government personalities were in attendance including Prime Minister Marcolino Moco, Information Minister (Enrique Balmeto), Justice Minister Paulo Chipilica, as well as Central Bank Governor (Generoso de Almeida).

(Dejarnet) affirmed that the United States is committed to cooperating with Angola in humanitarian efforts and in consolidating democratic institutions, such as parliament and public communications.

Robaina Comments on Exchanges With Spain in Intellectual Sphere

FL0607220093 Havana Radio Rebelde Network in Spanish 1700 GMT 6 Jul 93

[Interview with Foreign Minister Roberto Robaina by Carmen Oria at the Cuba-Spain University Deans Meeting on 6 July in Havana—recorded]

[Text] [Oria] Do you believe that the exchanges of cooperation with Spain might be a form of conducting foreign policy through our intellectuals?

[Robaina] Yes, I am fully convinced of this. I also believe we are living in a time when we should knock on every door and not only knock but also exploit every possibility to its utmost potential. I think that the intellectual sphere, particularly in the universities, is experiencing great disquietude. This is the stage on which many political issues are usually discussed. If there are discussions of political ideas and economic and social changes in the world today, Cuba must be present on each of those stages. That is the reason I believe this is a highly important forum for us. The possibility of first-hand explanation of issues of this type constitutes an extremely interesting foreign policy resource that obviates the need to visit any other place.

Inter-Caribbean Affairs

Caribbean Community Heads of Government Hold Summit 5 Jul

Agenda Items Noted

FL0407211893 Bridgetown CANA in English 2102 GMT 4 Jul 93

[Report by Peter Richards]

[Text] Nassau, Bahamas, June 4, CANA—Caribbean Community (Caricom) leaders gathered here Sunday for their annual summit, expected to be dominated by talks on adapting the 20-year-old integration movement to cope with the challenges of an increasingly unfavourable international environment. In pre-summit remarks, Caricom Secretary General Edwin Carrington said it was important that mechanisms proposed for strengthening the integration movement be speedily adopted to "enable the community to more effectively respond to the many external challenges to which.... (it) will be subjected in the coming decade."

He added: "...I cannot stress too much, how important, perhaps even decisive, our response to those challenges can be to our future. Our response to those external challenges can either vitiate, or significantly foster the growth of the region."

The 14th heads of government conference, opening Monday [5 July], will be Carrington's first since he took over from Jamaican Roderick Rainford as the Community's chief administrative officer based at the Caricom secretariat in Guyana.

Outgoing Caricom chairman, Trinidad and Tobago Prime Minister Patrick Manning, indicated restructuring the secretariat will probably be the most significant agenda item before the 13 heads. He saw a restructured secretariat as being better positioned to help in giving effect to several decisions taken by the leaders in the past, as well as some of the recommendations of the West Indian Commission on deepening the integration movement.

The leaders, meeting on the 20th anniversary of the signing of the Treaty of Chaguaramas that set up Caricom, will look at possible responses to international developments as trade liberalisation and emerging trade blocs such as NAFTA [North American Free Trade Agreement] which threaten further marginalization of the region within the global system. In this regard, the leaders are expected to pay particular attention to threats facing the preferential treatment which bananas and other traditional Caricom exports enjoy in Europe and other developed country markets. A recent ruling by a panel of the General Agreement on Tariffs and Trade (GATT) that current European Community (EC) banana trade rules discriminate against Latin American producers to the benefit of the Caribbean, has sent shivers

through Caricom which see implications for their sugar and rum exports which enjoy similar benefits in Europe.

Another important issue before the leaders will be the continuing controversy surrounding a proposed head tax for passengers coming ashore from cruise ships sailing through the region. At an informal summit in St. Lucia last month, the leaders agreed to introduce a minimum head tax on all cruise ship passengers entering Caribbean ports, but delayed announcing the figure or implementation date pending further discussions here in Nassau.

Other agenda items include the privatisation of the regional airline, LIAT. Informed sources told CANA St. Vincent and the Grenadines Prime Minister James Mitchell, mandated to oversee the privatisation of the commuter airline will announce that an agreement has been signed during the summit.

Issues such as the proposed Association of Caribbean States, a proposed joint Caricom-Cuba Commission to pursue specified forms of cooperation, Caricom-Central America cooperation, and latest developments in Haiti also will be discussed by the leaders.

Bahamas Prime Minister Hubert Ingraham will take over as Caricom chairman and preside over the meeting. It will be his first formal summit, having taken office in general elections last August. The leaders will welcome back to the fold, Manuel Esquivel whose party won last week's Belize general elections. Esquivel had served as Belize prime minister from 1984-1989. However, absent will be Dominica Prime Minister Dame Eugenia charles who is nursing an injury and Antigua and Barbuda's Vere Bird Sr.

Jamaica Reaffirms Commitment to Caricom

FL0507000993 Bridgetown CANA in English 2141 GMT 4 Jul 93

[Text] Kingston, Jamaica, July 4, CANA—Jamaica reaffirmed its commitment to the strengthening of regional economic integration in a message Sunday to mark the 20th anniversary of the signing of the Treaty of Chaguaramas which brought the Caribbean Community (Caricom) into being.

"The Government of Jamaica recognises that Caricom represents a shared vision—there is considerable potential for mutual assistance, trade, and cooperation among the 13 member states. Jamaica reaffirms its commitment to work towards the strengthening of the regional integration process, as well as developing relations with individual member states," the statement issued by Foreign Affairs Minister Dr. Paul Robertson said.

The statement said 1993 was an important year for the future of regional integration as Caricom "takes steps to meet the challenges of the changing world environment." These would include efforts to implement recommendations emanating from the West Indian Commission report "Time For Action" and the speeding up of measures "towards the introduction of a single market and economy as agreed in the Grand Anse Declaration of 1989."

The statement identified the recommendation for the establishment of an Association of Caribbean States "aimed at advancing economic integration and functional cooperation between Caricom member states and the other Caribbean Basin countries" as "important." The Jamaican Government said Caricom has already made significant gains in its efforts to develop regional unity "as a means of pursuing a path towards sustainable development." It identified the growth of the University of the West Indies (UWI), a regional stock exchange, and the Caribbean Examination Council (CXC) as major achievements in "functional cooperation."

"We have come a long way. Despite our problems, we remain committed to the Caricom movement because we are convinced that the future of the region will be determined by the success of our efforts at cooperation," the statement said.

Caricom started 20th anniversary celebrations Sunday With a "regional focus on youth." The youth focus will include student exchanges, a regional essay competition, children's drawing project, a regional song contest, the production of Derek Walcott's "Drums and Colours" in all member states and the promotion of the history of the movement from Chaguaramas to the present.

Trinidad's Robinson on Integration Movement

FL0407191693 Bridgetown CANA in English 1756 GMT 4 Jul 93

[Report by Linda Hutchinson]

[Text] Port-of-Spain, Trinidad, July 4, CANA—On the eve of the 14th summit of Caribbean Community (Caricom) heads of government, former Trinidad and Tobago Prime Minister A.N.R. Robinson has warned about regional public cynicism over the integration movement.

"I think it is necessary for me to say a great deal now needs to be done to regain some degree of confidence of the people of the region in the integration movement," Robinson said during his contribution to a proposed agreement for the establishment of an assembly of Caribbean parliamentarians.

"It seems that the currents are moving in another direction. It seems that even this country.... The commitment of this country may not be as strong as the words we hear expressed," he remarked.

Questioning the progress towards a common market, harmonisation of industrial incentives, a common currency, hassle-free travel, and recommendations in the West Indian Commission report, Robinson said one got the impression that Caricom was moving backward instead of going forward.

"What we require is some kind of re-definition of goals, some kind of picture of a co-ordinated approach, some idea of where we're going," he said. Without the stated goals and direction the region may find itself with an assembly of parliamentarians and a lot of uncertainty, said the former prime minister.

Robinson said because of the uncertainty, regional parliamentarians may begin to question the usefulness of getting together for four days or about the costs for individual countries already facing economic stringency.

"...Then I'm afraid then this can result in another setback, another disappointment, another cause for depression on the part of the people of the region.

"We've reached the stage with regard to what happened to the (1958) federation and all that has happened since, there's a great deal of cynicism as indeed the commission reported and it is very important.... to dispel that cynicism," said Robinson.

"There are many people who feel that maybe, the region is due for a further period of disappointment, disintegration, re-generation, and a drop generally in the living standards and conditions of the people," he continued.

Robinson said the longer Caricom took to do things which were needed to be done along with dissipating momentum, there would be reduced vision and prospect for the future.

"Where there is no vision, it has been said a million times that people perish and what is happening in Trinidad and Tobago today is a warning. The way in which the population is being fragmented is a warning that if there is not a larger vision and a sense of purpose which can embrace us all to which we can subscribe, then the inevitable consequence is disintegration," said the ex-prime minister

Finance Ministers Reach Agreement

FL0507213193 Bridgetown CANA in English 2021 GMT 5 Jul 93

[Report by Peter Richards]

[Text] Nassau, Bahamas, July 5, CANA—Caribbean Community (Caricom) finance ministers ended a two day meeting here Monday, with agreement on a number of issues to be forwarded to the region's heads of government for final approval. The finance ministers met ahead of the 14th annual heads of government summit opening here Monday evening.

Antigua and Barbuda's Foreign Minister Lester Bird told reporters the proposed establishment of a regional stock exchange and a company to provide reinsurance coverage for the region, were among issues on which decisions were taken. He also reported that the finance ministers, some of whom are heads of government, had called for a review of some regional arrangements including the Caricom Enterprise Regime (CER) with a view to abolishing them "at a time when we need to build (new) institutions."

"There are those who are beginning to feel that perhaps (the CER) has been overtaken by the single market....; there was a lot of discussion on that and the decision is there will be a re-examination of that particular position," Bird said.

He said the ministers examined Caricom's regime of fiscal incentives. "...To see how best we can devise methods of enhancing them or adjusting them with the changing times."

On the proposed establishment of a regional insurance company, Bird said: "The idea is to get the heads of government to be the initiators with the local and domestic insurance companies in all of the countries to see how we can set up a corporation, institution.... that will have the necessary effect of being the main reinsurer." Because of devastating hurricanes which have lashed the Caribbean in the past decade, regional insurers have been finding it extremely difficult to get reinsurance cover outside of the region at a reasonable price.

Governor of the Eastern Caribbean Central Bank (ECCB) Dwight Venner, the chairman of the Caricom council of central bank governors, reported to the finance ministers on the progress of efforts towards a monetary union. He told CANA that despite the flotation of national currencies by three member states—Jamaica, Trinidad and Tobago, and Guyana—he did not anticipate much difficulty in establishing the union.

Venner said his report to the ministers "stated the facts of what we have done so far" and identified problems "centred around the question of floating (currencies)." He declined to elaborate further.

Summit Opens

FL0607020693 Bridgetown CANA in English 0148 GMT 6 Jul 93

[Report by Peter Richards]

[Text] Nassau, Bahamas, July 5, CANA—The 14th meeting of Caribbean Community (Caricom) heads of government opened here Monday night, with a call from Jamaica's Prime Minister P.J. Patterson for Caricom to seriously consider the "full reintegration" of Cuba into the region. Now that the Cold War was over, "Caricom needs to assess our own situation (in relation to Cuba) and determine what is in our own best interests," said Patterson, one of three Caricom heads who spoke at the opening ceremony.

Patterson noted Caricom was already moving to establish a closer working relationship with the Havana government, a reference to a proposed Caricom-Cuba mixed commission which is a major item on the summit's agenda.

"This we consider to be an important step in the process of that country's full reintegration into the political and economic life of the Caribbean," he said.

The opening of the summit, a day after the 20th anniversary of the founding of Caricom, also heard a repeat of the traditional call for unity among the community's 13 member states. This time, however, the leader of Trinidad and Tobago made an outright call for the Caribbean to make a fresh attempt at a political federation.

Prime minister Patrick Manning, the outgoing Caricom chairman, pointed to the dire implications which recent international changes hold for the region, especially the threat posed to important preferential trading arrangements for bananas and other traditional Caribbean exports to developed country markets. The Trinidad and Tobago leader made clear there was "one answer" if the region is to cope with challenges resulting from the current restructuring of international relationships. "...The answer alone lies in Caribbean political integration," he said.

A first attempt at a West Indies Federation was made between 1958 and 1962 but the experiment collapsed because of differences among the 10 participating islands which were then colonies of Great Britain.

Developments in neighbouring Haiti were also brought to the leaders' attention during the opening ceremony. The summit's host, Bahamas Prime Minister Hubert Ingraham, welcomed the recent United Nations-brokered agreement to end Haiti's two year old political crisis with the reinstatement of ousted President Jean Bertrand Aristide at the end of October. Ingraham, whose country has faced an influx of Haitian refugees since the overthrow of Aristide by the army in 1991, said he hoped the agreement reached in New York over the weekend "will be respected by the (Haitian) military."

Ingraham also pointed to the need to involve the masses of Caribbean people in the process of integration. "...My genuine concern (is) for the people who we represent.... (and are) excluded, distanced and removed from the institution called Caricom," he said.

St. Vincent and the Grenadines Prime Minister James Mitchell, the third Caricom head who spoke, announced an arrangement had been worked out for the privatisation of LIAT, the regional commuter airline owned by most Caricom governments. "I am satisfied we have before us a proposal that we want....," he said. A Barbados-based company had submitted the lone bid for LIAT.

Reference was also made, during the opening ceremony, to the ongoing controversy related to the U.S.-based cruise ship industry which has been resisting attempts by Caricom governments to get them make a greater financial contribution to the region. In apparent reference to the industry's opposition to a plan by Caricom governments to impose a uniform tax on each cruise passenger coming ashore, Mitchell said the region certainly could do without a tourist who "can't give a 10 dollar tip." The cruise ship issue is expected to generate much discussion at the four-day summit.

Barbados

Sandiford Urges Stepped-Up Production, Support for Incomes Policy

FL0207190993 Bridgetown CANA in English 1538 GMT 2 Jul 93

[Text] Bridgetown, Barbados, July 2, CANA—Barbados' prime minister, Erskine Sandiford, Thursday night urged stepped-up production of goods and services and support for a controversial incomes policy, while admitting that an International Monetary Fund-backed economic stabilization programme was not as successful as he had hoped.

"We must make every effort to do better," Sandiford said in an address to the nation, carried on radio and television. "One of our major policy objectives therefore must be to increase the output of goods and services in our economy without excessively inflationary conditions, and without undue pressure on the balance of payments."

Sandiford, who is also finance minister, underscored a need to control wages, under an incomes policy he has asked employers and unions to consider.

"The incomes policy seeks to restrain the rate of wage increases in order to keep down prices, thereby making our goods less costly, both at home and abroad," Sandiford explained.

"This will result in greater demand for products which will allow us to earn more foreign exchange to pay for our imports and service our foreign debt, and to allow us to maintain the value of our currency.

"The increase in demand for our products will result in increased employment of workers to meet the demand, thereby reducing unemployment."

Sandiford said workers would still be able to benefit from bonuses, profit-sharing benefits, and other additions to wages, but on the basis of increased productivity.

"Simply put, the more we produce the more we earn," he added. "I appeal to all of you as Barbadians to let us work this out and sharpen our progressive and competitive edge in the Caribbean and beyond."

Sandiford said an 18-month IMF-backed austerity programme that ended last May had had both sucesses and problems.

"We have experienced some disappointments and setbacks in the implementation of the programme, particularly in the areas of negative growth, increased unemployment, and tardy execution of certain transport and

housing policy changes leading to the unavailability to date of some US12.0 million dollars to us," he said.

"On the other hand," added Sandiford, "the programme has been successful in quite a number of areas. First, we said we would seek to reduce the fiscal deficit to one per cent of the Gross Domestic Product by March 1992 and balance the budget by March 1993.

"We have achieved those objectives. At the end of March 1992 we were able to bring down the deficit to 1.7 per cent of the GDP, while at the end of March 1993 it was 0.1 per cent of the GDP....

"Secondly, it was our intention to slow the overall rate of decline in the real GDP to around 3.5 per cent in 1991/92, followed by a return to growth in the following year.

"However, due to a continuing, virulent international recession, and a slower than anticipated recovery in tourism, we have not yet met this target, though we can say that through the last quarter of 1992 and the first quarter of 1993, we are seeing increasing signs of improvement....

"Thirdly, in the area of the international reserves we have not only met our targets, but have surpassed them beyond projections."

Sandiford complained that the rate of unemployment remained "unacceptably high".

"In 1989, we were able to bring that rate down to just under 16 per cent, but it has again gone upwards to around 25.0 per cent," Sandiford reported.

He said his government planned closer ties with the IMF.

"We value very highly our relationships with the IMF," he said. "We therefore wish for the future to deepen our consultations with the fund on our external payments position, current account balances, capital flows, the management of our international reserves, and our exchange rate system.

"To this end, we will be seeking enhanced surveillance status with the fund and agreement upon an appropriate macro-economic framework and medium term strategy."

St. Lucia

Diplomatic Relations Established With Paraguay

FL0107011593 Bridgetown CANA in English 2107 GMT 30 Jun 93

[Text] Castries, St. Lucia, June 30, CANA—St. Lucia and Paraguay have established diplomatic relations at the ambassadorial level, a government statement said Wednesday.

The statement said the two countries had sought closer relations "to promote cooperation in areas of common interest." The decision took effect June 18.

Trinidad and Tobago

Economy Contracts in 1992 Following Growth in 1991

FL0507204093 Bridgetown CANA in English 1654 GMT 5 Jul 93

[Text] Port of Spain, Trinidad, July 5, CANA—The Trinidad and Tobago economy contracted last year by 0.6 per cent after registering 2.7 per cent growth in 1991 that ended eight successive years of decline. However, the Central Bank, in its just-released annual economic survey for 1992, said despite the reversal, indications were that the long term trend of economic decline had been virtually arrested.

Last year's decline in Gross Domestic Product (GDP) was attributed entirely to a significant fall in real value added in the key petroleum sector, reflecting the economy's continued vulnerability to adverse developments within the oil industry. The performance of the non-petroleum sectors, however, continued to show improvement. The Central Bank said the decline in the petroleum sector accelerated during 1992 with output falling to the lowest level recorded since 1965.

Total depth drilled amounted to 68.6 thousand metres in 1992, the lowest level in recent years. Similarly, exploratory drilling fell to 9.6 thousand metres, compared to 21.1 thousand metres in 1991. International sales of crude petroleum totalled 23,169 thousand barrels in 1992, 12.7 per cent lower than in 1991, and exports of refined petroleum products amounted to 23,787 thousand barrels, 3.5 per cent less than in the previous year.

The performance of the natural gas industry was varied, with an increased level of consumption contrasting with a marginal decline in production. Provisional data indicate that production of natural gas reached 7,335.3 million cubic metres (20 million cubic metres per day) in 1992, 1 per cent below volumes produced in the previous year. During 1992, aggregate output of natural gas liquids (propane, butane and natural gasolene) totalled 3,429.2 thousand barrels, compared with 1,653.4 thousand barrels in 1991. Shipments of propane and butane amounted to 2,245.3 thousand barrels, more than double the 1,014 thousand barrels shipped the previous year.

The asphalt industry registered lower levels of production and sales compared with 1991, reflecting softening international and domestic demand. Output of refined asphalt amounted to 18.8 thousand tonnes, a decline of 10.5 per cent from 1991. Exports of asphalt totalled 18.3 thousand tonnes in 1992, 1.6 per cent lower than in 1991. Domestic sales of asphalt totalled 0.3 thousand tonnes in 1991.

In the petrochemical sector, aggregate output of methanol totalled a record of 481.7 thousand tonnes in 1992, 6.4 per cent higher than in the preceding year. In line with increased production levels, exports of methanol during 1992 reached an historical peak of 467.8 thousand tonnes, the Central Bank said. Local sales, however, declined to 4,000 tonnes from 4.7 thousand tonnes in 1991.

The performance of the nitrogenous fertilizer industry which displayed consistent growth patterns in the preceding five years, moderated in 1992 with declines being registered in both production and sales. Production of fertilizers totalled 2,362.2 thousand tonnes, 4.2 per cent below the record volumes produced in 1991. Export of nitrogenous fertilizers declined marginally in 1992 to 2,089.4 thousand tonnes from 2,102 thousand tonnes in the preceding year.

In the iron and steel industry, output exceeded the record production levels of both billets and wire rods achieved a year earlier. Production of billets reached 552.8 thousand tonnes, an increase of 25.7 per cent over the quantity produced in the previous year. Output of wire rods amounted to 446.1 thousand tonnes and represented an increase of 22.5 per cent above the volumes produced in 1991. However, production of direct reduced iron (dri) declined marginally last year to 647.7 thousand tonnes from 654 thousand tonnes in 1991. In 1992, the export performance of iron and steel was consistent with the trends in production. Exports of wire rods grew for the third consecutive year to an unprecedented 400.3 thousand tonnes. Foreign sales of billets equalled 12 thousand tonnes in 1992, compared with 8.8 thousand tonnes in the previous year.

In the agriculture sector, the sugar industry recorded its second best performance in 13 years during 1992. A total output of 110.4 thousand tonnes of raw sugar was attained, almost 10 per cent above the level of production realized in 1991 and 9.5 thousand tonnes higher than the original crop estimates. Total exports rose by 4.8 per cent to 59.2 thousand tonnes. A shortage of funds for rehabilitation purposes continued to hamper the performance of the cocoa and coffee industry last year. Consequently, production of cocoa amounted to 1 140 thousand kilograms, almost 25 per cent below the level of output in 1991. Output of coffee fell by some 23 per cent to 706 thousand kilograms. The output in the citrus industry increased for the second consecutive year. Citrus production grew by 13.1 per cent to 2,788 thousand kilograms of fruit in 1992 compared with an increase of 10.6 in the previous crop year.

"In the face of tight credit conditions and liberalization of the country's trading system, the performance of the manufacturing sector moderated in the first nine months of last year," the Central Bank reported.

Output as measured by the index of domestic production (excluding oil and sugar), increased by 8.7 per cent compared with a significant increase of 14.4 per cent in 1991. Industrial activity was largely concentrated in the assembly type and related industries subsector where a sharp output in growth of 20.2 per cent was recorded. Among the other sub-sectors which demonstrated higher production levels during the first nine months of last year were electricity (5.5 per cent) and food processing (2.8 per cent).

The increases were, however, mitigated by lower output of petrochemicals, tobacco, and alcholic beverages. In 1992, the construction industry experienced moderate growth compared with the previous year. Real output in this sector increased by 2.3 per cent compared with 6.2 per cent in 1991.

Belize

Governor General Administers Oaths of Office to 15 Cabinet Ministers

FL0607004893 Bridgetown CANA in English 0030 GMT 6 Jul 93

[Text] Belmopan, Belize, July 5, CANA—Belize's Governor General Dame Minita Gordon Monday afternoon administered oaths of office to 15 cabinet ministers who will serve in the new United Democratic Party (UDP) administration. UDP leader Manuel Esquivel, sworn in as prime minister last Friday [2 July], two days after his party's upset victory in general elections, added the portfolios of finance and defence to his responsibilities.

Dean Barrow, a lawyer and deputy UDP leader, was appointed deputy prime minister. He will also serve as attorney general, and minister of foreign affairs and economic development.

Other members of the 16-member [number as received] cabinet are:

Eduardo Juan	minister of natural resources
Russel Garcia	minister of agriculture and fisheries
Henry Young	minister of tourism and the environment
Elito Urbina	minister of home affairs
Joseph Cayetano	minister of energy and communications
Reuben Campos	minister of health and sports
Elodio Aragon	minister of education, public service, and labour
Hubert Elrington	minister of housing, urban development, cooperatives, and local government
Salvador Fernandez	minister of trade and industry
Philip Goldson	minister of human resources and youth development
Melvin Hulse Jr.	minister of works
Michael Finnegan	minister of state in the ministry of housing
Faith Babb	minister of state in the ministry of human resources
Dennis Usher	minister of state in the ministry of works

Four of the ministers—Barrow, Elrington, Goldson, and Juan—served in the previous UDP government from 1984-1989 that was also led by Esquivel. The UDP won 16 of the 29 parliamentary seats in last Wednesday's general election which saw the defeat of the People's United Party (PUP) government.

El Salvador

Church Rejects Government Report on Bishop's Murder

PA0607134493 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 5 Jul 93

[Report by Dagoberto Corea]

[Text] The Catholic Church on 4 July rejected the government report that common criminals were responsible for the death of Armed Forces Chaplain Bishop Joaquin Ramos Umana. San Salvador Auxiliary Bishop Gregorio Rosa Chavez has said that as long as there is no proof to support the government's report, the case cannot be closed. Bishop Ramos Umana was attacked on the highway between El Salvador's International Airport to San Salvador. He died after being shot three times with an M16 rifle and died on 25 July.

[Begin Rosa Chavez recording] The president reported that a communique has been issued. The fact that the president, the justice minister, and the executive director of the investigative body have admitted that the case is open while the communique states it has been closed is in itself evidence that a mistake has been made. The communique even names the alleged killer. That is a hasty statement to say the least.

First, we insist that the case remain open. Second, we insist that the evidence be based on an autopsy, not on four empty shells. No one even knows if those shells were really at the scene or not. The only evidence presented so far is some empty shells. As you can see, this case is too serious to have matters handled in a hasty fashion. That is why today we affirmed that the case is not finished, that it is not closed. When we investigate matters we base our conclusions on autopsies. That is the only objective way to conduct an inquiry. [end recording]

Monsignor Gregorio Rosa Chavez urged the new Armed Forces High Command to subordinate itself to civilian power and live by the new military doctrines.

[Begin Rosa Chavez recording] We are asking the new commanders first to do an objective and impartial analysis of the previous high command's performance. It is something they should do, something very important. We ask them to live by the new military doctrines according to which the Armed Forces have a different role from that it played during the war. Respect for human rights is fundamental in that new role. In addition, respect for the democratic process implies pluralism, tolerance, and acceptance of different positions. [end recording]

Rosa Chavez said the doctrine of the former Army High Command was that anyone opposed to its interpretation of national security had to be neutralized. The Truth Commission report proves that, Rosa Chavez said.

As the auxiliary bishop of San Salvador sees it, the new high command must be subordinate to civilian power and function within the framework of the democratization effort.

Guatemala

De Leon Announces 180-Day Plan

PA0307033393 Guatemala City Radio and Television Networks in Spanish 0305 GMT 2 Jul 93

[Speech by President Ramiro de Leon Carpio at the Presidential Palace in Guatemala City—live]

[Text] On 20 June I said that this government's general guidelines would place emphasis on the consolidation of democracy to be achieved with a new government style where austerity, honesty, and aboveboard actions prevail and where there is respect for human rights, a reorganization of government institutions, and economic solidarity. Compliance with such clear objectives will unify and purify public administration. These previously mentioned guidelines are this government's main pivot and all our actions will revolve around them.

The events that took place between 25 May and 5 June in Guatemala marked a definite shift in the country's history. We managed to open a space and reach an agreement. I mean that we managed to get agreement to prevail over confrontation, reason over force, clarity and account rendering over secrecy and impunity, institutions and laws over arbitrariness, and tolerance over exclusion and neglect.

Based on this and complying with my commitment to the people of Guatemala, I am pleased to present the government program for the next 180 days. It includes general policy guidelines; political, social, economic, and institutional modernization strategies; and, finally, a section with concrete programs and actions to be implemented and how they will financed. We are pleased to report that for the first time in Guatemala's history—at least in recent history—full details of the government program will be given so that people can evaluate, follow-up, and criticize the implementation or lack thereof of the program to be implemented during the next 180 days. This is what we will do in the next 180 days. The government program for 1994 and 1995 will be revealed on 15 August.

In the general area of policies, democracy will be strengthened through social participation in a climate of strict adherence to the law. The government will be guided by ethical and moral principles, and will fully respect individual, civic, political, economic, social, and cultural human rights. The struggle against lawlessness and corruption will be permanent. Participation by grassroots organizations will be reinforced at all levels, particularly in the establishment of self effort community welfare projects. Social equity will be promoted by expanding primary services in the areas of health, education, and infrastructure for the benefit of the masses in a climate of freedom.

Based on the principle of shared responsibility between society and the state and on the constitutional stipulations for economic matters, we will work to establish stable economic solidarity mechanisms that will allow us to decrease the poverty level in the country. We will, thus, continue our efforts to maintain the country's economic growth and to consolidate the state of rights based on a human development philosophy. Our actions will be geared to modernizing our institutions, using rationally our natural resources, conserving our environment, and streamlining and trimming public expenditures.

In the international sphere, the government will respect the principles of international law, will comply with the commitments made, and will favor the peaceful solution of differences between states. Central American integration is a priority for us.

Concerning foreign cooperation, we call on the international community to cooperate in this national effort to develop and consolidate democracy. The government will take steps to expedite this procedure so as to obtain foreign cooperation without a delay and guarantee that its benefits are directly distributed to the beneficiaries. International cooperation will be negotiated based on priorities established by the national community.

Strategies: The following strategies that are presented for political, social, economic, and institutional modernization aspects should be considered as basic elements for undertaking priority actions of the current administration's 180-Day Plan. But they will also guide the activities that will be carried out during the 1994-1995 period.

Political strategy: The government's objective is to consolidate the democratic process during the period for which it was elected. In order for said consolidation to become a reality, it is fundamental to establish starting now the strategies to be developed in a short period, which will make it possible to take actions aimed at perfecting the rule of law.

The strategies described below refer to the respect and guarantee of exercising human rights, direct and joint citizens' participation, citizens' security, and Guatemala's insertion into international spheres.

Aware of the fact that the ability to govern a country is made possible and legitimate when organized society makes coherent demands before the government which facilitate the adoption of appropriate decisions, said strategies will lead to the adoption of actions that are in keeping with the government's objective outlined earlier.

Peace is a priority for the current administration, which will conduct extensive efforts to attain it. Peace should be generally understood as a state of harmony of the human being with himself, his natural surroundings, and his fellow citizens. The strict observance and guarantee of the validity of human rights will be promoted to consolidate the state of law.

The multicultural reality of the country will be respected by promoting the values of the Mayan culture to enrich national culture. Citizens' security will be guaranteed,

both from the personal safety and property security standpoint. In this direction, it becomes necessary to promote credibility of the population in their civil security institutions, as well as to obtain their participation in the fight against crime. This will permit us to reduce the causes of crime.

Impunity and corruption will be fought at every level by promoting a change of attitude and strengthening the corresponding agencies. Democratic participation will be fostered to achieve the integral development of residents of all the communities of the country. Necessary measures will be taken to insure the functioning of the urban and rural council development system in order to incorporate their participants in the decisionmaking process in the area of public policy and investment. In addition, other groups and agencies will be promoted and supported to allow for greater participation of the population.

Municipal development will be promoted by contributing with the municipalities in increasing their technical capacities, improving the use of available funds, strengthening their finances, and promoting decentralization and local participation. The full and active participation of Guatemala in international spheres will be promoted in political, cultural, economic, commercial, and environmental aspects.

Central American integration will be deepened in the social and economic area as a means to improve the competitiveness of the region and an instrument of negotiations of the isthmus with the world.

Social strategy: In addition to the strengthening of democratic structures and institutions as a necessary precondition to mobilize the productive potential of the people and their broad participation in the search and implementation of solutions to their own problems, the permanent and effective struggle against poverty requires medium-term actions directed at making the handling of economic and social policy more efficient. This will permit them to increase the welfare of the population in a combined, coherent, and integral manner.

It will also make it possible to revamp the policies on sectors and among sectors in line with the social strategy to seek to expand and upgrade the quality of social services; to redirect and focus public spending on low-income groups; to improve the public sector's capacity to act; and to decentralize the public services provided by reinforcing the self-management of communities and local governments.

Stability and economic growth, social equality, and the war on poverty will at the same time further consolidate the democratic system and social peace by allowing Guatemalans to participate fully in political, economic, and social activities. The government's mode of action that will make it possible to ease the serious poverty that prevails in the country requires a new and necessary relation between the government and society. To that effect, the government is proposing to begin a new style of work that will make it possible to organize promptly and efficiently the actions by the state to reduce the levels of poverty.

There is no doubt that given the severity and importance of the phenomenon of poverty in Guatemala, the process to reduce it necessarily goes beyond the political mandate of an administration. In this respect, we are initially seeking to alleviate and reduce the manifestations of poverty by beginning in a brief period of time actions to face the most obvious causes of the problem, such as the lack of productive jobs. We are seeking to provide local care through regional and overall actions where the development of the individual, family, and community lies at the center of interest of the state's action. For that reason, the organization and resources of public institutions and their actions must give special attention to the reduction of the levels of poverty, something that would be complemented significantly by a community effort of shared responsibility, in which society participates broadly in all forums.

We must mention the following as part of the program to reduce the levels of poverty: To establish a mode of social responsibility shared by the government, communities, and private organizations; to base the government's action on primary care in the fields of education, health, housing, and employment to begin to mend the social fabric; and to coordinate regular programs with new modes of emergency financial assistance in the government's actions.

In regard to sectors, the actions to reduce levels of poverty must fall within the framework of model programs, projects, and overall and regional actions that will stress the following components by sectors. In the health sector we will promote overall actions aimed at expanding the coverage of basic services and improving the quality in administrating this sector's services. Special stress will be placed on mother-infant care, immunizations, oral rehydration, treatment of acute respiratory illnesses, and health education.

As for food and nutrition, we need to include priority aspects such as the production of basic foods for the people's own consumption, treatment for serious nutritional deficiencies, complementary nutrition, and breast-feeding, all of this in the framework of the food and nutrition system.

In the area of education, actions will be aimed at increasing the efficiency and fairness of the educational system, improving the quality of the student's education, and expanding the coverage of preschool and primary school education. We are also going to implement reading and writing programs with a special emphasis on rural areas and the poorest sectors of the population.

Bilingual and environmental education programs as well as human rights and labor programs will be strengthened because they are priority aspects in the fight against

poverty and strengthening of democracy. We plan to create the necessary conditions for the participation of teachers.

Organizational mechanisms and facilities for access to housing, especially in rural areas, will be established. Measures will be adopted to establish the groundwork to legalize land ownership.

In the area of infrastructure, our interest basically lies in community social infrastructures such as health and education.

We plan to develop cultural and social security policies with the support of the various sectors.

As for labor matters, we will see to it that minimum wage laws are observed by implementing minimum wage and social security programs.

Finally in the area of jobs, priority will be given to the creation and strengthening of micro-, small-, and medium-size businesses, job training, and support to small producers.

The fight and reduction of poverty in this new style of government require that we take action at the local level and the participation of the community in the country's production process and the rendering of services that can lead to a reduction of poverty. That is why our institutional framework begins at the local level. In other words, the local level requires the creation of a strengthened social network that can take efficient and coordinated action so as to comply with sectoral and overall duties. Bearing in mind the critical social situation facing the majority of the Guatemalan population, the government's social strategy for the next 180 days seeks to carry out actions to ensure financial and human resources are available for the implementation of our social policies. We need to increase the efficiency of our public expenditures in the areas of greatest need. We must place emphasis on the implementation of programs and projects with the greatest impact on the improvement of education, housing, health, nutrition, and the treatment of children and their families.

Economic strategy: The problems and the challenges of our socioeconomic development present four priority fields of action in which the government must lay the groundwork to promote medium-term structural reforms with the purpose of accelerating our productive transformation which can lead to greater levels of stability, growth, productive jobs, and social justice and to a better distribution of the benefits of our growth. An effective fight against extreme poverty that can also promote a rational use of our renewable natural resources should be waged.

The areas are: The maintenance and the consolidation of a stable macroeconomic groundwork, integration into the world economy, the promotion of private investment, and an increase in the quality of public expenditures basically aimed at the effective fight against extreme poverty, support for productive activities, and conservation of the environment.

To attain sustained, equitable, and comprehensive development, we will promote an economic and social modernization process and to further the government's supporting role in promoting the common good. Past experience shows that satisfactory economic stability and growth is necessary but not enough to alleviate poverty. We also require concrete actions so that the poorer sectors of our population can develop their potentials, have access to opportunities, and are able to fully participate in the country's political and social life.

To consolidate a stable macroeconomic foundation we will maintain monetary and fiscal discipline. To further this end, strengthen our economic stability in a permanent and lasting manner, and accelerate our economic growth, we will promote the necessary actions to modernize our institutions.

In the fiscal area, we will reorganize our public finances by limiting our fiscal deficit to the available foreign financing, increasing our current account savings and tax revenues, and looking for alternatives to use the state's assets more effectively so we can obtain the necessary resources to allow us to increase our investments in sound social programs to combat poverty. These goals will be attained by intensifying the tax modernization program and the public expenses rationalization program. The principles of austerity, honesty, integrity, and reasonableness will guide the decisions adopted concerning public expenses in this government period.

Within this context, there will be a reassignment of expenses and subsidies to benefit the poorest social groups, fulfilling the most urgent needs in the health and education sectors, and production activities will be sponsored by reactivating and increasing the basic infrastructure. Efforts will be exerted in the trade sector to reduce the country's trade deficit, strengthen mechanisms that increase the productivity and competitiveness of exports, allow access to new markets for Guatemalan export products, and comply with regional agreements for economic cooperation.

Guatemala's efficient integration with the world economy is a necessary condition to increase the economic system's efficiency and step up social growth and development. Therefore, it is necessary to make progress in the creation of adequate conditions so the country's economy may successfully compete in the foreign market, promoting higher levels of domestic competition.

Regarding the Central American integration process, we will continue to sponsor higher levels of economic and social integration as the means to increase competitiveness in the region and as the instrument to strengthen Central America's presence and negotiating power in the world.

Referring to private investment or investments, these must become the backbone of economic growth and productive modernization, so adequate conditions will be created so investors may adopt long-term investment decisions. To achieve this, we must sponsor economic stability and clear and stable rules; strengthen social peace; improve the legal framework; guarantee ownership rights; simplify procedures and regulations for the registration of new firms; render flexible the authorization of foreigners' work permits and residence permits; establish the groundwork to study reforms to the national finance system so we may sponsor savings; improve the appropriation of funds; and increase access to credit. Special attention will be given to the support and development of tourism.

The public investments and social expenditures policy must play a leading role in the government's economic and social strategy. Public expenses and social expenditures strive to increase the production capability, thus allowing a greater economic growth, the creation of productive jobs, assimilation of modern technology, and a determined struggle against poverty. Referring to this, effective incentives for the creation of fixed capital; the enlargement and improvement of basic infrastructure which supports production activities; the increase of production capabilities; the formation of a skilled work force; and the access to key assets and products, credits, facilities, land, housing, fixed capital, and so on—as well as the improvement and increase in essential public services—are pillars of the investments and social expenditures strategy. The formation of a skilled work force demands an overall policy of public expenditures in education, work training, health, food, and nutrition; and an improvement of social security and welfare services.

Institutional modernization strategy: The efficient and timely implementation of public programs will be decisive for the achievement of the country's development goals. The public sector's institutional efficiency will be a decisive factor in the ability to implement those programs. Deficiencies in this sector negatively affect the implementation of programs; the rendering of services; the preparation of the state's action plans; the identification, selection, and preparation of projects; and the acquiring of necessary funds in a timely manner. All this adversely affects the state's ability to sponsor economic growth and the state's effective struggle against poverty.

The elimination of bottlenecks within the public sector will be an overall part of the government's investment strategy. Therefore, all the sectors will sponsor and facilitate institutional reforms which eliminate the duplication of responsibilities and activities; permit a better decentralization of decisions regarding personnel and budget planning and implementation; improve control, assessment, and audit systems; facilitate coordination between state agencies in charge of public investment plans; increase the state's capability to implement programs; increase the communities' participation in social infrastructure plans, operations, maintenance, and financing; and facilitate purchasing and hiring procedures. Actions will be sponsored at the central government level to decentralize public services; strengthen municipal authorities' management capability; reorganize and strengthen the public investment planning systems, preinvestment plans, management of international cooperation, and project control and follow-up systems.

It is important to work on the decentralization of the budget responsibilities of the Executive Branch and to facilitate the participation of the private sector in the implementation of projects, either by means of direct contracts and increased participation by the community, or through the participation of nongovernment organizations.

Another important aspect of the strategy to fight poverty consists of efforts to improve our work capability and to better utilize national and foreign resources. To achieve this, we must promote administrative and institutional social services reforms as well as the decentralization of these services. We plan to initiate steps in this regard in the near future. The impact of these steps will be felt in the middle term.

In view of the urgent need to bring to the people basic services such as education [four-second break in reception] some institutional reforms to priorities.

Specific work, projects, and financing: The following are the programmed priority works of the public administration. I have ordered ministers and other important officials to strictly carry them out.

These actions will be complemented with the carrying out of approximately 400 projects, with emphasis on the rural area, that will be explained in detail on 4 July by each of the ministers.

Political actions: The Presidential Human Rights Commission [Comision Presidencial de Derechos Humanos—Copredeh] will prepare an action plan to guarantee human rights taking into consideration recommendations from the UN expert adviser for human rights.

We will study the possibility of creating a national fund for Indians and we will urge Congress to promptly ratify Agreement 169 of the ILO [International Labor Organization]. We have already begun implementing the national civil security program aimed at giving protection to the citizens. We will form a broad representative security council.

We have already begun purging civil public security forces. By doing this we are fulfilling our promise to purge the Executive Branch. We are paying special attention to mechanisms for selecting police personnel. We will ask Congress to promptly approve the new National Police organic law. We will prepare the respective regulations.

We have initiated actions to train National Police agents and to upgrade their equipment.

The Government Ministry is coordinating the actions and means of the various police departments. We will immediately present to Congress a bill to update the Accountability Law and to modernize the Probity Law.

We will enact the Prosecutor General's Office Organic Law to reinforce its autonomy, administrative structure, and operational mechanisms. I am hereby announcing that the new prosecutor general will be appointed on 3 July. We will announce the principle that no public official or employee must obey illegal orders. We will reactivate the urban and rural development council system whereby representatives are designated at the various levels. We will pay special attention to the interrelationship between the development council system and local committees. We will institutionalize the national consensus system as a means for discussing and seeking solutions to local problems. We will urge members to create other representative groups, which could be imitated in other areas. This institutionalization will be approved by and take place according to the group members' will. We will assess the work and qualifications of the members of Guatemalan embassies and Foreign Ministry and will set up clear priorities and outlines for each of the embassies according to its geopolitical location. We will establish an adequate system to communicate with Guatemalan embassies, particularly regarding progress in respect of human rights, and other social aspects as well.

Social area actions: We will start to implement the regional development fund, in charge of development councils, to accomplish over 400 actions demanded by the population in the fields of health, education, and communications, and will manage the social investment fund and other social funds in coordination with development councils. We will make a more equitable allocation of public expenditures in the 1994 budget, currently in preparation. We will ask municipalities to share the financing of programs and works aimed at providing priority public services.

The most important actions in the field of education will aim at coordinating and supporting new, participative, and flexible education strategies. Such actions will include shared financing; programs for priority population sectors; girls' education, for instance; a prompt definition of the structure and functions of the agencies of each of the ministries; revising and strengthening of the education supporting programs; and renewing negotiations with the various sources of international cooperation, in particular the IDB sector program.

We will revise the National Education Law regulation proposal to define the technical and administrative reorganization of the Education Ministry's priority programs. We will assess new, participative, and flexible curriculum improvements. We will initiate the national system for permanent human resources training in the Education Ministry.

We will prepare an inventory of resources and physical infrastructures, with the purpose of identifying, in coordination with diverse sectors, the priority areas that require expanded education coverage. We will make operational and co-participative the national rural education fund. We will coordinate and support Conalfa [National Anti-Illiteracy Comission] and will take immediate measures to initiate the massive anti-illiteracy campaign. We will evaluate the support programs of the Education Ministry and will launch the training and professionalization of technical and administrative personnel of the regional, department, and supervisory education offices.

We will continue to carry out repair and maintenance programs for school buildings in 1993 and will expedite efforts with the Inter-American Development Bank [IDB] to obtain the loan for the education sector, so that it can be implemented in 1994. We will strengthen environmental, labor, and human rights education at all levels. We will strengthen and expand bilingual intercultural education in all education programs.

We will promote methods of shared financing and will design a strategy for the effective participation of communities in education aspects. We will seek a solution to the problem of school transportation, in coordination with parents, alumni, teachers, administrators, and other sectors.

We will target our actions in the field of health to fight cholera and its current resurgence. We will strengthen national immunization campaigns, epidemiological surveillance, potable water supplies, and basic sanitation measures oriented toward the most neglected geographic areas.

We will direct public spending to priority preventive health programs. We will initiate activities to confront the current hospital crisis within an overall concept of improving production, services, and costs.

We will resume negotiations with international organizations to guarantee foreign cooperation, especially as concerns the IDB loan for the health sector. We will draft and implement a framework for investment in environment and health, within the public investment program, to contribute to resolving the health services deficit in the country.

We will undertake studies to increase coverage of social investment, directed at the social sectors in the most neglected and vulnerable geographic areas, considering the new program that focuses on health.

We will seek to carry out an effective investment in the health sector to satisfy the demands of the people. We will support the participation of the community in health services and will improve local health systems. We will

seek to improve overall medical attention, making functional the reference system to guarantee that any patient can be given treatment, from the community level up to the most specialized service, after he is given the appropriate reference.

We will establish mechanisms that guarantee coordination between the institutions of the sector. We will design criteria and rules for the operation of services, considering personnel characteristics and the manufacture of service equipment.

We will reorganize the services' organizational systems while seeking to eliminate the obstacles that prevent them from being rendered in a timely and prompt manner.

We will seek to efficiently subdivide the services network into regions and strengthen the investigation in the sector.

Potable water and basic sanitation: We will begin a profound reorganization of the sector while strengthening the planning and coordination of its projects, while aiming at a real decentralization of the responsibilities in the execution and operation of the water systems and the environmental sanitation services at a local level.

We will define and coordinate the hydrological policy of the country with regard to the regulation of the use, conservation, and protection of the water resources and will guide the sector's restructuring process.

We will increase the municipal coordination activities with private enterprises so that they jointly undertake the management and maintenance of the potable water and environmental sanitation services.

We will ease the steps for the authorization of the legal framework for the rational exploitation of water resources.

Environment: For the protection and improvement of the environment, we will undertake, more severely, activities for law enforcement and the improvement of the environment, and we will coordinate the activities of the Energy and Mines Ministry; Communications, Transportation, and Public Works Ministry; Agriculture, Livestock, and Nutrition Ministry; Urban and Rural Development Ministry; the Conama [National Environmental Council]; and the Conap [National Council for Publicity] and we will establish mechanisms to reinforce the environmental and development policies in the different sectors' programs and projects.

We will begin the reorganization and strengthening of the institutions, technically as well as administratively, within Conama and Conap so that they play a real and effective role in the follow- up to the fulfillment of laws, rules, and norms for the protection, and preservation of the quality of the environment and establish proper intersectoral coordination.

We will evaluate the applicability and effectiveness of the existing laws, rules, and norms for the protection of the environment, and especially the forest protection law and the environmental impact studies.

We will draft a national environmental education program with the participation of the private sector, the nongovernmental organizations, and the community organizations and will strengthen the environmental education in the elementary and secondary school study programs.

We are already preparing, in coordination with different sectors, a strategy for the environment and development. We will seek international support for the improvement of the environment.

Housing: With the participation of the involved sectors, we will carry out a revision and adaptation of the Foguavi [Guatemalan Housing Fund] and the unit for the execution of lots projects with services financed by the IDB.

Nourishment and nutrition: We will approve, and set in motion, the National System for Nourishment and Nutrition, Sinan, thus starting coordinated activities by the institutions of the public and private sectors and nongovernmental organizations. We will draft the activities schedule and budget for the Sinan in 1994 and will elaborate multisectoral projects to be executed in 1994.

We will prepare a proposal for a program for requirements, transportation, and distribution of foodstuffs donated in the country and abroad for the poor and extremely poor population in specific communities and on the modes of foods for workers, maternal child care, infant lunches, and school lunches.

Child and Family Care: Child and family care requires efforts that will not be lacking. During the next 180 days, the public sector will strengthen its child care programs, especially its daily care community home projects, its part-time home programs for preschool and school-age children, its youth organizations, its programs to make known and to defend the rights of children, its promotion and creation of women organizations, its support for community development programs, and the production of enriched foodstuffs.

We will also strengthen the widows and orphans care programs and those aimed at giving attention to street children. We will also restructure the Social Welfare Secretariat and promote an effective coordination between this secretariat and the organizations in charge of social promotion and assistance programs.

In the framework of the program to care for children and the family, matters related to the promotion of maternal breast-feeding have great importance. To promote this, we will work to strengthen the national commission for maternal breast-feeding. We will work on the creation of a regional development fund that will be in charge of development councils that will work on more than 400

projects to benefit the health, education, and communications sectors, as the people have demanded.

We will channel social funds in coordination with the development councils. We will promote a more equitable distribution of public investments at the national level when the 1994 budget begins to be implemented. We will share with the municipalities the financing of programs aimed at providing urgently needed public services.

Strategic guidelines give priority attention to educational matters having to do with constitutional support for modern, participative, and flexible educational programs; shared financing ideas; programs aimed at needy people, for example: the education of children; a prompt outlining of the structures and departments of the Education Ministry; a reviewing and strengthening of programs aimed at supporting education; and the reactivation of negotiations with international cooperation sources, especially the IDB's sectoral program.

To support social strategies, we will make the Social Investment Fund [Fondo de Inversion Social, FIS] operational and we will evaluate the merging of the programs of Conap and FIS.

Economic area actions.

The monetary realm: During the 180-day period, the following actions will be carried out: We will respect multilateral and bilateral financial agreements; we will support our monetary policy to safeguard macroeconomic stability without compromising development.

The fiscal realm: We will implement a campaign to promote tax-paying practices to contribute to the public investments and social expenditures programs we have in mind; we will design a program to facilitate tax compliance by simplifying administrative procedures; we will strengthen programs to determine and control nonpayment.

An initiative related to a territorial tax law will be presented shortly. We plan to continue with the customs system's structural reforms. In addition, the management of this department will be granted through a concession in order to cut down on corruption. Steps will be taken jointly with international organizations and friendly countries to expedite the disbursements of funds pertaining to projects already under way. The consultative group meeting will be organized and carried out in order to procure fresh funds to be used in the public investment program. We intend to complete bilateral negotiations after having concluded an agreement with the Paris Club. Likewise, we intend to carry out the necessary agreements that will allow us to obtain rapid disbursement financing from the World Bank to be used on social programs.

We plan to prepare a proposal aimed at reviewing the regulatory and operative framework of public spending with the objective of making it more expeditious, rational, and as clear as possible. We plan to improve the control mechanisms governing public investment execution. We are preparing a monthly financial agenda to manage the floating debt and public spending priorities. In addition, we intend to prepare the annual 1994 operation plans, always searching for options to strengthen all actions that will cut poverty.

Trade component: We will be formulating programs to support exports within the framework of the National Export Commission. In addition, the use of the single window mechanism [ventanilla unica] for investments will be encouraged, and the Consumer Information Office will be created. We will continue with negotiations leading to complementary economic agreements with countries, groups of countries, and special emphasis will be placed on the consolidation of the Central American integration process. The process to deregulate the economic system will be continued.

Institutional modernization: We plan to initiate the necessary actions to strengthen intersectoral coordination at a regional level by decentralizing the sectoral planning units. In addition, mechanisms will be considered to make the preparation of the nation's annual regional budget more feasible. Training programs for municipal officials will be implemented. Institutional adjustments will be implemented immediately in accordance with suggestions made by each sector. Technical and administrative reorganization will be implemented to key areas within the Education Ministry. The country's hydric program [political hidrica] will be encouraged, determined, and coordinated. A housing program will be formulated, and a Foguavi operations manual will be prepared. In addition, we intend to reorganize and strengthen institutions such as Conama and Conap. Special attention will be paid to the start of the Sinan. We will proceed with the modernization and strengthening of BANDESA [expansion unknown] and INSA [expansion unknown]. A modern mail and telegraph system will be developed. Projects that form part of the public administration development and modernization program will be revised. The transformation of the administrative component of the presidency of Republic has already begun. The objective of this process is to make public service more suitable to the needs of strategic management as well as the handling of other duties compatible with a more democratic and decentralized government management. The overall number of projects to be implemented by all ministries totals approximately 400 which represents an estimated investment of 1 billion [currency not specified] allocated as follows:

Prior to announcing these programs, however, the president of the Republic, the vice president, the cabinet, and the high-ranking officials who accompany us are pleased to present the programs that are to be implemented in a frank, open, and clear manner. The programs will be detailed by each ministry so that—for the first time in the history of Guatemala—the people will know what is being offered during the remaining 180

days of 1993 and during 1994 and 1995. The people will, thus, be able to follow up, evaluate, and criticize the program's implementation or lack thereof.

I was saying that we will implement approximately 400 programs, which will require an estimated 1 billion [currency not specified] investment, as follows: Presidency of the Republic six programs; Foreign Ministry seven; national defense two; public finance nine; education 10; public health and social welfare seven; labor and social provisions six; agriculture, livestock, and nutrition 35; communication, transportation, and public works 258; energy and mines 15; culture and sports 23; urban and rural development 16, Comptroller General's Office 23.

Fellow citizens, in light of the state's large financial limitations and the existing economic crisis in Guatemala, as a government team we have defined an action plan for 180 days, as I have described. It is a joint, realistic, and consistent plan of action that poses an enormous challenge, because it requires breaking the bureaucratic inertia and promoting the renewed work discipline of all public servants. To achieve the general improvement of our economy, social coexistence, and harmony, however, the state actions do not suffice. It is necessary to have the participation and effort of all the citizens. It is essential that we understand the difficult situation in its true dimension. Just as the civilians and society in general were capable of responding during the recent glorious events, it is necessary that citizens assume their responsibility and recognize the stoic challenges we face.

We Guatemalans must understand that these are not moments of great demands, but moments of effort and sacrifice so as to be able to build a better future for all. That effort must be directed at improved efficiency in all aspects. There must be a profound sense of austerity, compatible with the country's modest possibilities.

To this effect, I ask each and every one of us Guatemalans to assume our respective responsibilities, as follows: The government under my responsibility commits itself to carry out a more effective public spending program, to redirect its course to achieve the above objectives, and to reduce its interference in the economy. Financial limitations preclude us from making adjustments or increasing the number of jobs, yet we can assure the public servants of job security. We hope that each of the businessmen will fulfill their tax obligations, renew efforts to increase production, and will not raise prices. This will allow us to counter the plight of inflation which is striking the families' budgets.

I invite the private sector to reinvest its capital in the country, to open new jobs, and to define worker-management relations within a new concept of partners for prosperity. We recognize the big reduction experienced by wages in the past few years.

I ask the worker sector, nonetheless, to postpone their wage demands, because hardly anything can be accomplished with a raise that is quickly overturned by dire inflationary effects. At the same time, I ask them to increase their work production and discipline for the benefit of the job sources.

As for the consumers, we are aware that Guatemala is experiencing difficult times. Its contribution is characterized by an attitude of austerity and rational use of limited personal and family resources.

Last, Guatemala needs all segments of its society to rally around its national objectives, in order to mobilize the resources of the community to complement those of the government. We need, however, for this national organization to be carried out within a framework of responsibility and solidarity, so that the objective of the demands made will be consistent with the scant resources available to us.

We are making history. We are reorienting the country. We are building the future of our children based on a life in democracy. We all have a responsibility and we all face a challenge. The president and the government have begun to walk. Let us all walk together and let nobody stay behind. Thank you very much.

Two Ministers, Two Secretaries Take Office 1 Jul

PA0307021293 Guatemala City Teleonce Television in Spanish 0415 GMT 2 Jul 93

[Text] Two ministers and two state secretaries took office on 1 July. Arnoldo Ortiz Moscoso and Anabela Morfin Mancilla are the new ministers of government and labor, respectively.

Romulo Alfredo Caballero Otero was sworn in as the new planning secretary, while Felix Loarca Guzman was sworn in as secretary of information of the Presidency.

Lilly Zapata, who was vice president of the Central Bank of Guatemala until 1 July, will be sworn in as new president of the Central Bank of Guatemala on 2 July.

De Leon Cited on Negotiations With Belize, New Ambassador

PA0207130393 Guatemala City PRENSA LIBRE in Spanish 1 Jul 93 p 3

[Text] None of the negotiations Guatemala has carried out to date with Belize are definite. The day we seek to make them so we will have to seek legal mechanisms, such as a referendum, because the people are sovereign and my obligation is to respect the people's will, said President Ramiro de Leon Carpio on 30 June when asked about the issue.

The president said that, by following the previous government's policy on the neighboring state, the government respects international agreements and accords on

self-determination, a right guaranteed by the international community. He added that he had stated this in his speech to the OAS three days after assuming office.

He said the foreign minister has also stated that Belize's case is being reviewed and analyzed, as are all government policies. The state has defined its position on this issue now that this step has been taken.

The agreements must be respected unless anomalies, illegalities, arbitrariness, or other similar problems are discovered in previous negotiations because a state proves its credibility by the way in which government agreements are abided by and respected by subsequent administrations.

De Leon rejected talk of possible pressure from the United States to adopt this policy and said he believes recent statements on this issue by Dr. Marilyn McAfee, U.S. ambassador to our country, are similar to statements made by officials from other countries.

I would say the statements are a result of circumstances, the president said.

Talking about the possibility that Dr. Edmond Mullet, Guatemala's ambassador to the United States, had "prepared a plan" to exert pressure on the government concerning its policy toward Belize, de Leon Carpio said: "I do not think so but it must be investigated. If there was any anomaly, crime, or arbitrariness I am duty bound to send him to court, along with anyone else who is involved in illegal activity."

Mullet was asked to remain in the post until another ambassador is appointed because he is negotiating various types of economic and technical aid with the Senate and Congress and we cannot afford to be without a representative for the time being, the president added.

De Leon Carpio denied he had made a statement criticizing Serrano's actions. Nevertheless, he recalled that as human rights ombudsman he had publicly congratulated former Constitutionality Court President Dr. Jorge Mario Garcia Laguardia for the dignified position he adopted as a magistrate.

Honduras

Government 'Could' Request U.S. Military Withdrawal

PA0707011193 Hamburg DPA in Spanish 2308 GMT 6 Jul 93

[Text] Tegucigalpa, 6 Jul (DPA)—Honduras could request the United States to withdraw the troops that Washington still maintains in Honduras since the 1980's now that the war in Central America and the cold war have ended.

Honduran Foreign Relations Minister Mario Carias Zapata told reporters on 6 July that the Tegucigalpa government could ask the United States to withdraw its troops by the end of the year.

Carias Zapata said that the troop withdrawal subject "is a topic that needs to be examined jointly with the United States at the end of 1993 or at the beginning of 1994."

The United States still maintains a military presence in Honduras of 1,200 soldiers stationed in the "Enrique Soto Cano" Air Force Base, about 80 km from Tegucigalpa.

The military base, located in the centrally located Comayagua Department, was built by the United States and served as a dissuasive element against the Sandinist government when Central America was in turmoil in the 1980's.

The base served to support U.S. military policies in the area, which was to support the Nicaraguan contras to overthrow the Sandinists and support the Salvadoran Government against the left-wing Farabundo Marti National Liberation Front guerrillas.

Likewise, the base was the U.S. center of operations in Honduras with its constant war exercises between the Washington and Tegucigalpa armies. More than 100,000 U.S. troops trained in Honduras over the past decade.

Carias Zapata said that Honduras wants the air base converted to serve as logistical support in the U.S. fight against drug trafficking in Central America but be available at the same time for commercial flights.

Honduras has proposed that the DEA install itself in the "Enrique Soto Cano" base but that the base also serve to export vegetables.

The United States intends to close down more than 130 overseas military bases, but so far it has not mentioned the one located in Honduras.

Presidential candidates Oswaldo Ramos Soto, of the ruling National Party of Honduras, and Carlos Roberto Reina Idiaquez, of the opposition Liberal Party, have stated their interest in continuing the U.S. military presence in Honduras.

Nicaragua

Government, UNO Sign Basic Dialogue Agreement

PA0407123193 Managua BARRICADA in Spanish 3 Jul 93 p 5

["Basic Government-National Opposition Union, UNO, Agreement—Elements for the Dialogue" issued by the Nicaraguan Government and the National Opposition Union, UNO, parties in Managua on 20 May; signed 1 July]

[Text] I. A dialogue is the best mechanism to reach solutions to the country's problems.

II. A dialogue should propose comprehensive solutions, placing the nation's interests above individual or party interests.

III. A dialogue should promote lasting peace to consolidate democracy definitely and irreversibly in our country with full validity of human rights and the effective implementation of the government program.

IV. A dialogue should be a permanent way of life so we can all have peace and understanding.

Objectives:

The Government of the Republic of Nicaragua and UNO recognize the importance of a bilateral dialogue, their prior agreements, and reaching agreements with all the sectors of society to continue:

1. Reaching agreements to solve the nation's problems and to promote political stability in the country.

2. Strengthening peace to make it lasting so it will allow us to work to attain the development and progress of Nicaraguan society.

3. Achieving important agreements that are to be duly implemented so they will further promote and strengthen national and international credibility and trust in Nicaragua.

4. Forging national reconciliation on the basis of the country's democratic unity and expediting finding solutions to the nation's problems.

5. Overcoming the extensive crisis and promoting a propitious climate to strengthen the nation's social and economic reconstruction.

Issued in Managua on 20 May 1993. Signed by Madame President on 1 July 1993.

For the Government of the Republic:

[signed] Violeta B. de Chamorro, president of the Republic

For UNO:

[signed] National Action Party

Communist Party of Nicaragua

Nicaraguan Democratic Movement

Conservative Popular Alliance

Liberal Constitutionalist Party

Independent Liberal Party

Social Democratic Party

National Conservative Party

Christian Democratic Union

Neo-Liberal Party

Daniel Ortega Comments on Dialogue, Government Actions

PA0407041593 Managua Canal Cuatro Television in Spanish 0300 GMT 1 Jul 93

[Text] The Sandinist National Liberation Front [FSLN] presented its assessment of the dialogue saying the results are insufficient, but it is necessary to continue and reinforce the talks. The FSLN again demanded a radical change in the country's economic policy and a definitive solution of the land ownership problem.

Commander Daniel Ortega, head of the FSLN delegation, who went to the presidential building on 30 June, denied the FSLN is withdrawing from the national dialogue. In a message through this station, Ortega set forth the FSLN's stand on the national dialogue.

[Begin Ortega recording] The FSLN thinks this round of the national dialogue has been a very important step in the efforts all Nicaraguans must make to help overcome the country's crisis. The FSLN thinks, however, that the results of the dialogue have fallen short of the mark. [end recording]

Ortega criticized a number of measures that the government has taken in the course of the dialogue.

[Begin Ortega recording] The government has cut the national budget by 40 million [currency not specified], reducing the programs for the care of the population and creating uncertainty in the workers. The government pledged to give to foreign enterprises millions that are the heritage of the people, in particular miners, who were brutally exploited by such enterprises. In a clear compromise, the Nicaraguan Government has again refused to defend the Nicaraguan people's interest. Three Basques, granted Nicaraguan citizenship, were kidnapped in open violation of international law and agreements. These arbitrary actions have not bolstered confidence in the government. We have regarded with concern the stand of political and union leaders of National Opposition Alliance, National Opposition Unity, and Higher Council of Private Enterprise, who have refused to participate fully and constructively in the national dialogue. Quite the opposite. With their stubbornness, they stimulate destabilization and violation of the country's law and institutions. [end recording]

Finally, Ortega demanded of the government a change in the economic policy and a final law on the land ownership problem. Ortega also criticized the UN plans to install a military base in Nicaragua.

[Begin Ortega recording] We wish to mention another arbitrary action, which the government did not present during the dialogue and which deals with a note, dated 3 June, addressed to UN Secretary General Butrus Butrus-Ghali. In the note, the Nicaraguan Government offers the national territory to the United Nations so this organization, subordinated to the United States, can install a multinational force in our country. In other words, the government has offered the territory to the

United Nations, which, as we know, does not heed international law. This letter reads like this: It is an honor to transmit to you our government's invitation to the UN team in charge of organizing the UN Standby Forces to Preserve Peace so this team can visit Nicaragua when it sees it fit, report in detail to such authorities on this proposal, and study in detail how to effect this cooperation. I also wish to express my country's willingness to host, in the near future, a subregional training center for the UN Standby Forces to Preserve Peace. As a token of our pledge with the United Nations and world peace on these aspects, my government intends to make consultations with the other Central American countries.

This is an official letter the Nicaraguan Government addressed to the United Nations. We are in the presence of another violation of the country's sovereignty and self-determination. While the Army has been reduced, the government has invited a multinational force to virtually occupy our country. [end recording]

Poll Shows 'Drastic' Drop in Chamorro Popularity

PA0507201393 Managua Radio Corporacion in Spanish 1030 GMT 5 Jul 93

[Text] LA TRIBUNA newspaper has revealed information on a poll conducted by the well-known firm Cid-Gallup that shows a drastic drop in the popularity of Violeta Chamorro in the country.

Cid-Gallup affirmed that only 2 percent of those polled said they favored the administration of President Chamorro. The Cid-Gallup poll, which was published on 5 July by LA TRIBUNA newspaper, revealed that 10 percent of those surveyed described the administration of the president as very poor; 19 percent termed the administration neither good nor bad; while 22 percent favored the Chamorro government.

Those polled noted unemployment and mismanagement as the main government deficiencies. Among the most popular figures in the country, according to the poll, is Cardinal Miguel Obando y Bravo in first place.

Most people said that Antonio Lacayo is the person ruling Nicaragua. It is recalled that during the first months of the government, Lacayo paid for costly polls that were published by LA PRENSA newspaper.

In recent months, the polls that have been conducted are no longer published and they are for the government's internal use. The government is observing how day after day it is losing the support of the people.

Panama

U.S. Said To Present Proposal on Negotiating Permanence of 4 Defense Sites

PA0707013793 Panama City EL SIGLO in Spanish 6 Jul 93 p 14

[Report by Roberto Rolando Rodriguez]

[Text] A source involved in the Canal issue has disclosed that the United States presented a proposal to Panama that consists of negotiating the permanence, beyond the year 2000, of four defense sites located along the banks of the Canal. The source also disclosed that despite the proposal, full compliance with the treaty signed in 1977 would be necessary.

The source stated that the United States is interested in retaining some strategic military installations after the year 2000. Although these installations may not offer the same employment of 4,000 persons currently working on the U.S. bases, they would represent at least 700 or 800 employment positions.

The installations mentioned include, among others, Howard Air Force Base located on the Pacific side of Panama and through which considerable air traffic operations to Latin America take place. These operations range from pilot training to support and rescue missions to other countries in the region.

Another military installation mentioned includes the Rodman [Naval] Base which would be used to resupply U.S. warships transiting the Canal.

Likewise, the United States expects to maintain the jungle training and survival center which currently operates in Fort Sherman on the Atlantic side. This center has trained thousands of "Marines" [as published] to deal with the hardships of jungle survival.

Finally, another military installation in which the United States has expressed interest is the underground antenna infrastructure located in Altos del Diablo in Cerro Ancon which facilitates tracking transmission signals throughout the whole region according to the earth's configuration.

The same source added that relocating and installing this type of antenna infrastructure in another region would not have the same effect and telecommunications range, and would also entail millions of dollars in investment.

Panama and the United States signed a canal treaty which should end by 31 December 1999 with the withdrawal of every U.S. soldier from Panamanian soil. However, U.S. authorities are weighing the strategic aspects of these bases which have guaranteed U.S. interests for most of this century.

Thousands of Panamanian workers employed by the U.S. Armed Forces on both sides of the Canal have expressed their concern as a result of the withdrawal of American troops from Panama. Their concern stems from the fact that the withdrawal will represent a social problem because they will be left unemployed.

However, Fernando Manfredo, former Panama Canal Commission administrator believes that if the military bases are to be dismantled as a result of the treaties, then it would be necessary to replace them with an industrial

park which, according to economic forecasts, would not only promote investments but also thousands of new jobs.

Last week, despite the drastic cut in payroll, President Bill Clinton's administration ordered the closure of 130 U.S. military bases located throughout the world. In addition, he suggested transforming these bases into industrial parks.

Authorities Said To Detect Guerrilla Plot To Unseat Endara Government

PA0607015093 Panama City LA PRENSA in Spanish 5 Jul 93 p 1a

[Report by Ibeth Vega G.]

[Text] The security authorities of the country have detected a guerrilla plot, involving one of the founders of the Sandinist guerrillas, whose mission was to supply Panamanian rebel groups with weapons and personnel to unseat the government of President Guillermo Endara.

A police source, who chose to remain anonymous, told LA PRENSA that the plot was led by the Torrijist National Liberation Movement (MTLN), under the command of Evidelio Quiel, member of the defunct Panama Defense Forces, who traveled to Nicaragua recently to request aid from Sandinist Commander Tomas Borge.

The authorities had strong clues of the subversive plans of the MTLN and other groups, according to a source linked with the Government and Justice Ministry. The reports were confirmed partially when former Captain Mario Ramos Ocana was captured last week in Rio Sereno.

Ramos Ocana sought asylum in Guatemala following the coupist attempt on 4 and 5 December 1990.

"Of course, the authorities know of the plan to bring Central American guerrillas into the country, but we cannot divulge that," a Government and Justice Ministry source stated.

The former captain, who is accused of participating in the thwarted coup against President Endara in 1990, was captured in Chiriqui when it was believed he had sought asylum in the Guatemalan capital, where he traveled with former Captain Jorge Bernal, who is accused of assassination in Panama.

Ramos Ocana, the source said, was the international contact that would greet the Central American guerrilla group entering Panama, presumably crossing the Costa Rican border with the help of Quiel and Borge.

A subversive group would form a corridor through Chiriqui Province to facilitate the entrance of Central American guerrillas and the departure of MTLN members in case of any danger.

The source explained that the arrival of the guerrilla group was delayed, however, because of a health problem suffered by Quiel in Nicaragua, which caused him to be transferred to Cuba where he underwent surgery and was reported later to be in "stable" condition.

This delay, the source said, obliged Ramos Ocana to remain in the eastern region of Chiriqui, specifically Rio Sereno, Renacimiento, where the guerrillas would cross into Panama to wait for further instructions. This was when Ramos was arrested by national policemen.

The former captain is accused of participating in the attack against the Arnulfista convention 23 April. He is also accused as a MTLN member of a series of bomb attacks to destabilize the country and to overthrow President Endara.

The source explained to LA PRENSA that the MTLN is divided into two "cells." One is in the capital headed by Fernando Castillo and is the one that staged the attack against the Foreign Ministry, the airport, the immigration office, the Electoral Tribunal, and the office of the Attorney General, the source revealed.

The source added that the other "cell" was organized in Chiriqui headed by Sergeant Jose Isabel Estribi. This cell staged the attack in which Corporal Gabriel Aguirre was killed when a bomb he intended to plant in the Arco Iris Room of the Boquete convention exploded.

Arnulfist Party, Molirena Agree To Continue Alliance

PA0707030193 Panama City LA PRENSA in Spanish 6 Jul 93 p 1a

[Report by Orlando Mendieta C.]

[Text] On 5 July, during a meeting at the Presidency of the Republic, the Arnulfist Party (PA) and Molirena [Nationalist Liberal Republican Movement] agreed to continue with their political alliance in order to remain united and bring about the selection of candidates for the 1994 presidential elections.

The decision was made during a meeting between President Guillermo Endara, Vice President Guillermo Ford, PA President Mireya Moscoso Gruber, Molirena President Alfredo Ramirez, National Assembly President Lukas Zarak, and ministers from both parties.

According to Vice President Ford, the alliance headed by PA and Molirena must continue and expanded by attracting the new political parties who hold the same beliefs as the PA and Molirena.

When asked his opinion on which party will head the presidential nomination, Ford responded that soon they will discuss with their allies selecting the best formula and presenting it to the country in 1994.

'Legal Source' Says Arrest of 7 Confirms Existence of Chiriqui Drug Cartel

PA0607012593 Panama City LA PRENSA in Spanish 5 Jul 93 p 5a

[Report by Boris Gomez and Orlando Mendieta C.]

[Text] San Juan (Chiriqui Province)—A legal source has disclosed that the arrest of seven people in the eastern part of Chiriqui Province confirms the existence of a drug cartel there.

According to the source, 25 plots of marijuana were found in a farm located in San Juan. Five people were arrested on the spot and two more were ordered arrested a few hours later.

According to the source, the criminal activity of these drug traffickers is connected with the antinarcotics operation termed "VHS."

These arrests, added to the arrests ordered by the Attorney General's Office as part of Operation "VHS," increases the number of detainees to 38.

On that occasion the authorities used video cameras to film the Chiriqui Province drug distribution centers.

The source said that the authorities have carried out joint investigations after noticing the connections between distributors. In other words, the new arrests are the result of previous operations and the presentation of arguments by the prosecutors, which ensures the arrests are legal.

With the seizure of the drug production center the investigators have now fully confirmed the hypothesis of the operation of a drug cartel.

"In Chiriqui Province jails we have those who produce them (the drugs), the wholesalers, and also retailers," the source said.

The drugs that were seized, the source added, were sent to Panama City to be destroyed. The case file is being handled by Roberto de Arco, first circuit prosecutor.

Personnel from the Attorney General's Office, the Judicial Technical Police [PTJ], and the National Police took part in the raid on the plantations.

The source added that the Attorney General's Office will start court proceedings against those charged with drug trafficking.

Meanwhile, the Chiriqui Province Superior Tribunal has declared legal the arrest of Nicolas Guerra Quiroz, who has been charged with involvement in a drug trafficking network that operated in Chiriqui Province, which was dismantled during Operation "VHS."

The tribunal's ruling backs the arrest of Guerra Quiroz ordered by Chiriqui Province fourth prosecutor, which charges that Guerra Quiroz sold drugs in Chiriqui Province with his brother David del Cid Quiroz.

The court ruled that all the evidence and proof the law requires linking Guerra Quiroz to the crime exists and this was carried out from his brother's home.

The tribunal upholds the opinion that the prosecutor issued the arrest warrant based on the video film at the home of David del Cid Quiroz.

Nicolas Guerra Quiroz was arrested on 22 January 1993 by the PTJ and like others, was filmed during Operation "VHS."

Two Radio Stations Clarify Legal Status

PA0607231593 Panama City EL PANAMA AMERICA in Spanish 5 Jul 93 p 2A

[Text] A clarifying note, signed by Alberto Quiros Guardia and Alberto Quiros Jaen, points out that the Radio Impacto and Radio Libre radio stations are enterprises different from each other and operated by different concessionaires.

According to the note, Radio Impacto had been broadcasting on 990 khz AM until 20 January 1976, when it was violently looted, its installations and equipment destroyed, its frequency arbitrarily canceled, and its main shareholder exiled.

The note goes on to say that the Government Ministry and Justice decided to assign the frequency of 990 khz to its rightful concessionaire, Informaciones Impacto, Inc. whose president and legal representative is Prof. Alberto Quiros Guardia.

Radio Libre is a corporation composed of 20 shareholders, which purchased Radio Musical's installations and equipment from Elvines, Inc. Currently, Radio Libre broadcasts on 870 khz AM and 93.5 khz FM.

For the past three years, by reason of the request referred to and having met all of the requirements, Radio Libre is waiting for the Government and Justice Ministries to definitively register the two frequencies in the station's name, an action which normally takes place when everything is legal, the note added.

The note demands that the registration of the frequencies not be postponed one more day so Radio Libre can exercise its full rights without uncertainties or fear and be a permanent vehicle for the exercise of freedom of expression.

Argentina

General Says UK Warship's Planned Visit to Falklands 'Offensive'

PY0607222993 Madrid EFE in Spanish 1523 GMT 6 Jul 93

[Text] Santiago, 6 Jul (EFE)—Brigadier General Jose Julia, Argentine Air Force commander in chief, characterized the United Kingdom's announcement that it will send a modern warship to the Malvinas Island in the next few months as "offensive."

Julia's remarks were published in the Chilean media today. The Air Force commander said: "Any hostile British gesture involving the Malvinas Islands is offensive, annoying, and really hurts us deeply."

The Argentine brigadier is participating in the 31st Conference of American Air Forces Commanders in Chief in Santiago, which is holding its second session today.

"For Argentina, the feeling that the Malvinas Islands are Argentine is very deep. We proved that in a conflict where we fought under very unequal conditions but we fought nevertheless," Julia said, referring to the 1982 conflict.

Julia also ruled out that his country had any desire to rearm. He was referring to the purchase from the United States of 36 A-4M Skyhawk fighter-bombers.

Julia said the new planes will replace those lost by his country during the Malvinas Islands conflict.

Julia added that the issue already has been discussed with General Ramon Vega, Chilean Air Force commander in chief. Vega recently said the purchase of the fighter-bombers will not change the balance between the two countries' Air Forces.

"The two commanders do not object to modernizing our Air Forces because we need to safeguard our personnel and because we cannot continue flying obsolete planes that are 20 years old and are a real problem," Julia said.

The Argentine commander stressed the importance of integrating the region's air forces, which 33 years ago created the System of Cooperation Among American Air Forces (Sicofaa) and agreed to hold annual meetings.

Attending the Santiago meeting are the top air force commanders from 23 countries. They will analyze aspects affecting technological cooperation, space science, and cooperation against drug trafficking and terrorism, among other matters. The meeting will close on 9 July.

Menem, Governors Sign Federal Agreement

PY0707001793 Buenos Aires BUENOS AIRES HERALD in English 6 Jul 93 p 11

[Excerpt] (DYN-NA)—President Carlos Menem, Buenos Aires Mayor Saul Bouer and 17 of the country's 23 governors signed a federal agreement last night in the Government House's Salon Blanco.

The agreement calls for the promotion of development and environmental preservation among the federal states and the national government.

Accompanied by Interior Minister Gustavo Beliz and by Environment Secretary Maria Julia Alsogaray, Menem called for representatives of the interior of the country to give "greater attention" to environmental preservation.

"We are not going to continue destroying our habitat and our living because it would destroy all of us."

The pact promotes environmental growth in national lands, establishing agreements between the federal states and between the states and the federal government.

It calls for the co-ordination of environmental projects among the entities and the maximum level of attention on natural resources.

The agreement was signed by officials from the provinces of Chubut, Rio Negro, Catamarca, Tucuman, San Luis and Santiago del Estero apart from the governors. [passage omitted]

'Wide Range' of Politicians Reject Call for Nonbinding Plebiscite

PY0707001393 Buenos Aires BUENOS AIRES HERALD in English 6 Jul 93 p 11

[Excerpt] (NA-DYN)—A wide range of national politicians representing the left, Radicals and Democratic Centre Union (UCeDe) liberals, rejected yesterday the future official call for a non-binding plebiscite for amending the National Constitution and allowing presidential re-election.

Provisional Senate head Eduardo Menem said the government had neither fixed a date nor decided to call a plebiscite as of yet.

Meanwhile, Interior Minister Gustavo Beliz considered the possibility of a plebiscite "very important," in order to know what the people want regarding the Constitution.

Beliz, who said he is convinced of the need to reform the Constitution, said yesterday that it would "observe consensus between the leaders of other political parties, in addition to the Justicialist Party."

Federal Capital Senator Fernando de la Rua, who opposes both reform and re-election, said that his party was "not going to vote" for the referendum and repeated that the government initiative puts "a form of pressure"

on the country which is going to carry "a large cost, which will create an additional political conflict and divert attention from what is really urgent."

Former president Raul Alfonsin joined de la Rua in saying that the party would vote against the plebiscite while de la Rua questioned President Carlos Menem's remarks in San Carlos de Bariloche on Sunday in which he said that he would call a plebiscite to consult the public on the issue of reforming the constitution and "it would be a good way to see what the country thinks and what it will say on the matter."

On Radio Continental, de la Rua highlighted his opposition to the reform and stated that its supporters lacked two-thirds of the vote in either chamber. "The reform is not urgent nor opportune nor necessary," he said. [passage omitted]

Police Carry Out 'Ideological Monitoring' on Politicians, Students, Unions

PY0707001593 Buenos Aires BUENOS AIRES HERALD in English 6 Jul 93 p 11

[Excerpt] (DYN-NA)—Santa Fe police carried out ideological monitoring intelligence work on the activity of politicians, students and unions carrying out "explicit" Interior Ministry orders, provincial government sources said yesterday.

According to a local news agency, "the Interior Ministry sent a resolution to all southern Santa Fe police stations dated December 2, 1992 to conduct ideological control of activities in the district."

The unidentified sources said that the intelligence work was revealed when Governor Carlos Reutemann ordered an investigation into the police activities reportedly ordered at the time Jose Luis Manzano was Interior Minister and carried out by provincial police chief Lelio Vignolo.

Interior Ministry sources said that the potential case in this province "is a mistake which stems from the misinterpretation of a decision issued by the Security Council." [passage omitted]

Economic Planning Secretary Expects Fewer Workers in Future

PY0707000593 Buenos Aires BUENOS AIRES HERALD in English 6 Jul 93 p 7

[Excerpt] (DYN-NA)—Economic Planning Secretary Juan Llach yesterday said "it is certain" that Argentine industry will employ less labourers as is happening "all over the world," since "modern technological progress doesn't make use of workers."

Argentine industry reduced the number of labourers it employs by nine percent over a two-year period (1991-1992), according to a recent study undertaken by the Cepal [Economic Commission for Latin America] Latin American body.

Llach said that while there will surely be less labourers employed as industry becomes more technologically advanced, government figures "don't show the reduction" in labour which is cited in the Cepal report. He said that a recent survey undertaken by the Indec [National Institute of Statistics and Census] government statistics bureau is "much more representative" of the situation than the Cepal study, which was ordered by the Economic Ministry. [passage omitted]

Dante Caputo 'Official Candidate' for OAS General Secretary

PY0607194393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1539 GMT 6 Jul 93

[Text] Mendoza, 6 Jul (NA)—Eduardo Bauza, secretary general of the Presidency, today admitted that Radical Deputy Dante Caputo would be Argentina's official candidate for the post of OAS general secretary.

Bauza also commented to Radio Nihuil on the recent defeat of his faction in the Justicialist internal elections where he competed with Jose Octavio Bordon's ticket.

The proposal of Caputo by Argentina took observers by surprise because it was almost certain that the Foreign Ministry would promote former Costa Rican President Oscar Arias, winner of the Nobel peace prize.

Government Not To Change Status of Military Retirees

PY0707001193 Buenos Aires BUENOS AIRES HERALD in English 6 Jul 93 p 7

[Excerpt] (DYN)—The Armed Forces were guaranteed yesterday that when their personnel leave active service they will be classified as "retired" and not "pensioners."

However, Economy Minister Domingo Cavallo stuck firmly to his decision that social security contributions by military personnel on active service will continue to be received by the Anses social security administration which will forward the funds to the IAF, the Armed Forces' pension fund.

Cavallo yesterday guaranteed that President Carlos Menem's government "will not change the military personnel's status from retired to pensioner," while his counterpart in the Defence Ministry Oscar Camilion confirmed that as of 1994 "the same levels" will be paid to retired military personnel and those on active service.

Both ministers issued statements in defence of the government policy after protest from the military sector which is demanding control over military pensions. [passage omitted]

Bolivia

Foreign Minister Explains Economic Recovery Agreement With U.S.

PY0707015993 La Paz Television Nacional Network in Spanish 0000 GMT 7 Jul 93

[Text] The economic recovery agreement signed by Bolivia and the United States in June has been ratified. Foreign Minister Ronald MacLean explained the details.

The economic recovery agreement between Bolivia and the United States renewed in June contemplates the allocation of nonreimbursable economic aid that U.S. AID grants Bolivia to support the balance of payments and economic recovery in accordance with U.S. internal rules. This instrument can be considered an executive agreement. One of the economic recovery agreement clauses refers to the issue of extradition. The document says that the 1900 bilateral agreement, the 1991 single convention, and the 1988 Vienna agreement are in effect between Bolivia and the United States.

[Begin recording] [MacLean] The two countries committed themselves to fighting drug trafficking and, among other things, implementing the extradition agreements when applicable.

[Unidentified reporter] Why did we not sign a new extradition treaty during this administration?

[MacLean] Well, we did not agree with the text of the draft treaty presented by the United States in 1990. The Foreign Ministry has worked out a new text that will be handed to the new government, which will be responsible for negotiating it. It is a more advanced and complete text. I think it is also more convenient for Bolivia. The draft treaty will be handed to the transition committee at the Foreign Ministry. [end recording]

Bolivia did not agree with the first draft of the extradition treaty presented by the United States. The issue will be left for the new government, which will be responsible for defining the clauses of a new Bolivian-U.S. extradition treaty.

Peasants Demand Umopar Forces Withdrawal From Area

PY0607203493 La Paz PRESENCIA in Spanish 23 Jun 93 p 7

[Text] Cochabamba, 22 Jun (PRESENCIA)—DEA and Umopar [Mobile Police Unit for Rural Areas] agents "invaded" San Jose township and "bombed" dirt roads in the tropical area of Cochabamba Department.

The charge was made today by David Herrada, leader of the Special Federation of Tropic Region Peasant Workers, FETCTC, who reported that peasants, their families, and their property have been the targets of a number of attacks.

For his part, Prefect Jaime de Ugarte said he will ask the Special Antinarcotics Force, FELCN, to submit a report to him to clear up the charges. He noted, however, that DEA and Umopar raids are part of drug enforcement operations.

Herrada said that DEA "gringos" and FELCN "Leopards" last week took over the 6 de Agosto, Independiente, and Murillo districts.

Herrada charged: "They (DEA agents and Leopards) raided entire communities and private houses. They seized $3,000 from a fellow peasant who had one day earlier been paid by Direco [Coca Reduction Directorate] for eradicating coca plantations. They also took away many other things."

He added that in Colorados and Chipiriri, DEA and Umopar agents "violently occupied houses," arrested young girls, forced some women to strip off their clothes, and beat their husbands and children.

Herrada also charged that between three and five bombings were carried out on roads in Independiente and Murillo districts. These actions affect the transportation of products to consumer markets and the economy of producers, as well as local fauna and flora.

He said: "We are facing an emergency. We are demanding the withdrawal of Umopar forces from the area." He also reported that FETCTC Executive Secretary Evo Morales Ayma went to La Paz to meet with government officials to seek a way to prevent similar incidents in the future.

Brazil

Police Identify Cuban Exile Possibly Preparing Attack on Castro

PY0707015393 Madrid EFE in Spanish 0022 GMT 7 Jul 93

[Text] Brasilia, 6 Jul (EFE)—Brazilian Federal Police have identified a Cuban exile who might be preparing an attack against Cuban leader Fidel Castro during the third Ibero-American presidential summit, which will be held in Salvador next week, the Estado news agency reported today.

According to the news agency, Brazilian police—with the help of Interpol and the Cuban secret services—discovered that a prominent anti-Castroist who lives in Madrid has asked Brazilian authorities for journalist credentials to cover the Ibero-American summit.

Federal Police, who did not reveal the suspect's name, believe the exile might be preparing an attack against Castro with the help of collaborators who already could be in the Bahia State capital.

Police sources told the news agency that the activist, who organized demonstrations against the Cuban leader during the second summit in Madrid last year, is being

watched by Spanish police and that Brazilian federal agents will follow him continuously after he arrives in Brazil.

In the meantime, for a month now Brazilian Federal Police have been investigating the activities of the groups of Cuban exiles who live in Brazil and who intend to stage peaceful demonstrations against the Cuban Government.

Portugal Expresses Hope To Resolve 'Pending Problems' With Government

PY0607192593 Rio de Janeiro O GLOBO in Portuguese 5 Jul 93 p 4

[Article by Sandra Cohen]

[Text] Lisbon—The Portuguese Government hopes to resolve the pending problems with Brazil before the visit of Prime Minister Cavaco Silva to Salvador, Bahia, on 13 July to attend the 3d Ibero-American Conference. Cavaco Silva expressed that hope to Portuguese President Mario Soares who conveyed it to Federal Deputy Jose Lourenco (PPR-BA) [Progressive Renewal Party-Bahia]. Silva reportedly informed President Soares that Foreign Minister Manuel Durao Barroso will go to Brazil with a solution for the case of the 414 dentists who are being prosecuted by Portuguese dentists because the government resolution allowing the Brazilian dentists to work in Portugal has yet to be regulated.

Deputy Jose Lourenco, leader of the Portuguese-Brazilian Relations Sub Committee in the Chamber of Deputies said: I held a one hour meeting with the president. We talked about the problems faced by Brazilians in Portugal. There is an environment of complete hostility due to the political measures that are out of keeping with our true mutual feelings. Lourenco showed President Mario Soares the speech he delivered in the Chamber of Deputies on 15 June in which he criticizes the Portuguese Government and demands that Cavaco Silva be declared persona non grata if the situation is not resolved by the time of his visit to Brazil.

Mario Soares, according to Lourenco, was reportedly startled by the accusations. He said:

We cannot even conceive the idea of a scratch on our relations with Brazil, much less the split as reportedly said by Soares to Jose Lourenco during their meeting on 1 July. On 3 July, Soares who will also attend the meeting in Salvador, Bahia, telephoned Lourenco in his house in Portugal to say that he already talked with the prime minister. Cavaco Silva assured the president that he will order the Foreign and Border Service to treat Brazilians better while on Portuguese soil. The situation has evolved considerably. Soares told me that he received from the prime minister a guarantee that all pending problems with Brazil would be resolved before his visit to Salvador.

Both Deputy Lourenco and Cavaco Silva's advisers do not believe demonstrations against their presence in Brazil will be held.

Franco Reprimands Justice Minister Over Farias Case

PY0707013993 Rio de Janeiro O GLOBO in Portuguese 6 Jul 93 p 1

[Text] President Itamar Franco on 5 July harshly reprimanded Justice Minister Mauricio Correa for having accepted the conditions made by PC [Paulo Cesar] Farias for handing himself over to authorities. During a meeting at Planalto Palace, Franco asked Correa in an irritated manner: "What is in your head? My government does not negotiate with bandits."

After Franco's reaction, Correa announced he would give PC no special guarantees, and he denied that there had been any type of negotiations with the outlaw's family. But the truth is that Correa did promise, among other benefits, that PC would not be handcuffed. Police Commissioner Geraldo Jose Chaves, who on 5 July took over as interim director of the PF [Federal Police], was precisely the person who ignored the five memorandums that reported the probability that a decision on PC's arrest would be handed down.

"If Dr. Paulo Cesar does not hand himself in, then he is running the risk of being arrested," Chaves said on 5 July when he assumed his post.

Paraguayan President-Elect Meets Sao Paulo Governor

PY0607233893 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 6 Jul 93

[Text] Paraguayan President-elect Juan Carlos Wasmosy said today in Sao Paulo that he intends to change the image of Paraguay as the country of contraband. Wasmosy, who is paying a two-day visit to Brazil, met Sao Paulo Governor Luiz Antonio Fleury Filho. He also is due to meet entrepreneurs.

One of the new president's goals is to promote the market economy, selling state companies and improving the distribution of income, among other measures.

[Begin Wasmosy recording] In the first place, the balanced budget. No one can spend more than what he earns. The same thing happens with a state, which is a very big enterprise that collects the necessary funds through taxes to balance the economy of those who have a lower income, with respect to those who have higher incomes. [end recording]

Wasmosy will take over on 15 August. In Sao Paulo today, he met Governor Antonio Fleury, with whom he talked about the development of the Tiete-Parana waterway. Late in the afternoon, Wasmosy met Prefect Paulo Maluf, and this evening he will attend a dinner

with entrepreneurs, which Finance Minister Fernando Henrique Cardoso is scheduled to attend.

'Operation Araguaia' Begun To Fight Illegal Fishing

PY0307135893 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 2 Jul 93

[Text] Some 500 km of the Araguaia River banks are being controled to prevent professional fishing. For the first time, the Araguaia Operation is gathering all environmental organizations that are operating in Goias state: Ibama [Brazilian Institute for the Environment and Renewable Natural Resources], the Military Police Forest Battalion, the Environment Foundation, and the native ecological group. Divided into groups, policemen, prosecutors, and ecologists are already working on an extension of more than 500 km of the Araguaia River, on the stretch between Barra do Garcas, near the river mouth, up to Bananal Island, on the border with Tocantins State.

Professional fishing is forbidden in Goias, and amateur fishing is controlled and supervised. No one can fish, for instance, without a license. Amateur fishermen can receive a license from Ibama, from the Bank of Brazil agencies, and from Goias State Bank agencies. The price varies from 430,000 to 1.3 million cruzeiros. There are licenses for fishing boats, for fishing from the banks, and fishing from boats.

Even with a license, if a fisherman is caught with predatory materials, he can lose all his equipment and fish, and pay heavy fines. Fishing is allowed only with reels, handheld lines, or rods. Fishing nets, trotlines, buoys, harpoons, and other predatory means are strictly forbidden.

Forest Battalion Commander Lieutenant Colonel Leopoldo Silva Freire voiced assurances that forest police will be tough with aggressors against the environment.

The Araguaia Operation will end in September in the Araguaia River and in the main rivers in Goias State. Until then, hundreds of thousands of tourists and fishermen will traverse the river.

Chile

Ambassador Says Relations With U.S. 'Excellent'

PY0707020493 Santiago Radio Cooperativa Network in Spanish 2300 GMT 6 Jul 93

[Report by Carmen Castro]

[Text] The Chilean ambassador to the United States, Patricio Silva, who is in Santiago reporting on his mission, said today that relations between the two countries are excellent. Nonetheless, he admitted that there are some pending subjects that still must be solved.

[Begin recording] [Castro] Besides the several pending subjects we have with the United States, like the grapes case, the possible free trade treaty, and all the other subjects that are known, how are our bilateral relations, ambassador?

[Silva] Good, very good. Obviously there are some problems that must be solved. You mentioned the grapes case, and I think we can add the problem of the airline routes, which must be solved. However, in a general framework, I think our relations are excellent.

I have noticed that apparently there is an idea here in Chile that everything that is done in the United States is a function of Chile. I say, such an overestimation! When I read the local newspapers I feel surprised. [end recording]

The most important (?subjects) of the relations with the United States now are being discussed at the highest level of the Chilean Government. That is what can be understood by the presence of Ambassador Patricio Silva here. He has come here to inform his chiefs about his work, but it has been learned that important decisions also are being made about our bilateral relations during these key meetings.

The diplomat will remain in Santiago for eight days. His agenda is full and he has spoken at least twice with the foreign minister. He also has spoken with the finance minister and Minister Secretary General of the Presidency Edgardo Boeninger, and he still must meet Transport Minister German Molina to discuss the airlines problem, that is of Ladeco [Lineas Aereas del Cobre] and LAN [Chilean National Airline] Chile.

Presidential Candidate Cited on 'Negative' Reaction to U.S. Attack on Iraq

PY0307023493 Santiago Radio Cooperativa Network in Spanish 2300 GMT 2 Jul 93

[Text] Senator Eduardo Frei, the candidate of the Coalition of Parties for Democracy, has termed extraordinarily positive his recent tour of Venezuela, Costa Rica, and Mexico. Frei arrived in Santiago at noon from a trip during which he met with the presidents of the three countries, ministers, politicians, social leaders, and entrepreneurs.

Frei said the trip's objective was to reaffirm the idea that integration is an ongoing process essential to Latin America. He emphasized his visit to Mexico in particular, pointing out that he addressed the free trade agreement with the United States with Mexican officials, and Mexican authorities' desire to promote relations with Chile.

In this regard, Frei said there is practically a consensus about the need to create an organization that can guarantee investments in Latin America like the bodies existing in industrialized countries like Japan, Germany, and the United States.

Sen. Frei noted the very positive reaction to the fact that he was accompanied by representatives from the main coalition parties. He emphasized the excellent image the Chilean democratization process has abroad.

[Begin recording] [Frei] I believe the Chilean image abroad conveys that Chilean democracy is absolutely consolidated, and that this is a transition process that each country undertakes in its own way. There is great respect for the Chilean process. President Patricio Aylwin has an extraordinarily positive image, and all the presidents said this. There is extraordinary respect and appreciation for President Aylwin. They see Chile as a focal point within the Latin American context. On several occasions I felt sort of special sensations, because they speak about the Chilean situation, about its democracy, about its development process, and about everything that is being done here in an encouraging tone of voice. They say that Chile is Latin America's first democratic country, it has a spectacular economic process, and so forth. Chile enjoys a really good image abroad.

[Unidentified reporter] (?Did) they express their concern, for example, about the military show on 28 May?

[Frei] No, they are not familiar with the details. They want to known how the transition process is moving forward, what progress we have made in relations between civilians and the military, and how we have consolidated democracy. [end recording]

Journalists finally asked Frei about the recent U.S. attack on Iraq. He replied that he had a negative opinion of this action. We believe that it was negative because we believe violence only serves to create more violence, and we are a people who love peace, he said.

President's Meeting With Pinochet Characterized as 'Constructive'

PY0607213093 Santiago Radio Cooperativa Network in Spanish 1700 GMT 6 Jul 93

[Text] Today's meeting between President Patricio Aylwin and General Augusto Pinochet, Army commander in chief, at the president's private residence in Barrio Alto, Santiago, was characterized as constructive.

Communications and Culture Secretary Eugenio Tironi explained what was discussed on behalf of the president.

[Begin recording] The president has asked me to report that he held a working meeting this morning with Gen. Augusto Pinochet, Army commander in chief, to discuss pending matters affecting that institution. Among other things, the president and Gen. Pinochet analyzed possible ways to speed up court proceedings involving Army subordinates in acts contemplated by the Amnesty Law. [end recording]

President Aylwin will continue studying the issue; when he is ready he will inform the country about his decision and criteria regarding the paths to follow to speed up trials on human right violations during the previous government, Tironi said.

The secretary also denied press reports saying the president would speak to the nation to announce his decision this week. Tironi said the president was gathering information, studying the issue, and will speak to the Chilean people when he judges it opportune to do so.

Asked if the president will meet the other Armed Forces commanders in chief, Tironi said Aylwin has maintained and will continue to maintain regular contacts with these commanders because it is his constitutional prerogative and because he must stay in touch with all armed institutions' commanders in chief. Tironi did not say who else participated in the meeting, but added it was the president's idea to invite the Army commander in chief to the meeting.

We must note that the president arrived at La Moneda Palace around 1240 although his official agenda begins at 1700.

PDC Deputy Milenko Vilicic Dies of Cancer

PY0507153393 Santiago Radio Cooperativa Network in Spanish 1100 GMT 5 Jul 93

[Text] Christian Democratic Party [PDC] Deputy Milenko Vilicic Karnincic died yesterday of cancer. He had represented the PDC for the 60th district which encompasses the entire 12th Region.

He was elected in 1989 while still a member of the Centrist Alliance Party, and for two years was the only congressmen representating that party. Last year he moved to the PDC, which supported him in the elections.

He died at approximately 0830 yesterday morning. He had been hospitalized for more than two months while being treated for his illness. In addition to his congressional post, Vilicic was also union leader and a Punta Arenas cattleman, representative of the Yugoslav colony, and a businessman. He was the father of Yanko Vilicic, current secretary of the regional Magallanes Public Works Ministry.

Vilicic is the third congressman to die while holding a seat in congress during this period. The others are: Laura Rodriguez of the Humanist-Green Party, and Akin Soto, of the PPD [Party for Democracy].

Contreras Dismisses Defense Lawyers in Letelier Case

PY0607210693 Santiago Radio Cooperativa Network in Spanish 1700 GMT 6 Jul 93

[Text] Retired Army General Manuel Contreras Sepulveda, former Dina [National Intelligence Directorate] director, has dismissed his defense lawyers, Humberto Neuman and Roberto Vergara. The decision was

triggered by his lawyers' decision to accept the defense of Nicolas Escobar Urquijo, a nephew of Colombian drug trafficker Pablo Escobar Gaviria. The information was released to the press by Gen. Contreras's son, Manuel Contreras Valdebenito, after a meeting with Judge Adolfo Banados Cuadra, who is hearing the Letelier case.

We must note that Manuel Contreras Sepulveda is charged with being the author of former Foreign Minister Orlando Letelier's homicide. Manuel Contreras Valdebenito, son of the former Dina director, explained why his father dismissed his lawyers:

[Begin recording] These lawyers created a very annoying situation when they decided to accept Escobar's defense because someone then might try to involve international drug trafficking in Gen. Contreras's defense. [end recording]

Manuel Contreras Valdebenito added that it has not been decided who will take his father's defense. The case is nearing its end and very little time remains before Adolfo Banados is ready to acquit or condemn Contreras for the homicide of former Foreign Minister Orlando Letelier.

Court Suspends Expulsion of Nicolas Escobar

PY0607152393 Santiago Radio Cooperativa Network in Spanish 2300 GMT 5 Jul 93

[Text] The plenum of the Fourth Santiago Appeal Court has upheld a petition by the defense lawyer of Nicolas Escobar Urquijo, nephew of Colombian drug trafficker Pablo Escobar Gaviria, to suspend his expulsion from the country. The court suspended the expulsion by issuing a temporary restraining order, as requested by Escobar's lawyer Humberto Neumann. A litigant usually submits a petition for a temporary restraining order to a court to prevent changes in his legal situation. This time the temporary restraining was requested as part of a petition for a court injunction filed this afternoon by lawyer Humberto Neumann, who became well known after defending former Dina [National Intelligence Directorate] chief Manuel Contreras who is accused of being involved in the Letelier case.

On filing this petition of court injunction, Neumann withdrew the petition for a writ of amparo that he filed on 2 July. On 3 July the Second Santiago Appeal Court rejected another petition for a temporary restraining order as part of his petition for the writ of amparo. The court then asked for an Interior Ministry report, which, according to Neumann, took too long to answer and that is why he resorted to a petition of court injunction to enable the Escobar family to remain in the country.

In light of the court approval of the second petition for a temporary restraining order, Escobar cannot be expelled from Chile until the Santiago Court of Appeals passes its final ruling on the petition for injunction. To this end, the court has requested that the Interior Ministry submit another report.

The young Colombian was so happy with the court decision he embraced his lawyer Humberto Neumann, who informed him of the court decision in front of the media.

[Begin Nicolas recording] I can say laughing, happily, that we are fighting for a fair cause and we are demonstrating this to the people. The court decision is fair. We are innocent people who have done nothing and who are entitled to a calm life. [end recording]

Escobar said that he wished to remain in Chile because he was told that this is perhaps the only Latin American country that respects its Constitution.

Interior Ministry lawyer Manuel Guzman Vial said that the fact that lawyer Neumann first filed a petition for a writ of amparo and then a petition of court injunction demonstrates the little faith he has in his chances of success. Guzman Vial denied the charge that the Interior Ministry was slow in delivering the report requested on 3 July by the appeal court. He added that the fact that the court has issued a temporary restraining order against Escobar's expulsion is a simple defense procedure while it awaits a decision on the petition for injunction against cancellation of Escobar's visa. Guzman Vial says that the government is sure these people should leave the country because they are international drug dealers.

Interior Ministry Chief of Staff Rodrigo Asenjo has said the government will do everything possible to speed up the processing of the petition of court injunction filed by Escobar's defense lawyer. He added that the ministry is preparing a report for the Santiago Appeal Court.

[Begin recording] [Asenjo] We will prepare this report immediately so that the Fourth Appellate Court may pass a final ruling on the injunction as soon as possible.

[Unidentified reporter] When will this report be presented?

[Asenjo] We would like to present early tomorrow, perhaps after (?lunch) [end recording]

Asenjo added that the government cannot expel the Escobar family while the court temporary restraining order is in force.

[Begin Asenjo recording] For the time being the government has no alternative but to respect the temporary restraining order. We want the court to pass a final decision on the injunction as soon as possible. We trust the court will ultimately reject the petition.

[Reporter] [word indistinct] to file the report?

[Asenjo] No, the court has no deadline. [end recording]

Asenjo added that as of this midnight the Escobar family will be staying in Chile with an expired visa

June Inflation Rate Increases by .5 Percent

PY0607135793 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 6 Jul 93

[Text] The Consumer Price Index [CPI] increased by 0.5 percent during June; one of the lowest increases this year. The news provoked great satisfaction among economic authorities and the private sector.

The CPI was not a surprise. The Central Bank and the financial market forecasted it last week. The accrued CPI for the first semester reached 4.6 percent, which is slightly higher than the accrued CPI for the same period last year. The important point is that the inflation rate is dropping. Last year at the end of the first semester the accrued inflation rate for the previous 12 months was 14.5 percent: This year the figure is just 13 percent.

[Begin recording] [Economy Minister Jorge Marshal] Today, at the end of the first semester, that the economy is behaving as planned because the inflation rate is within programmed margins.

[Chamber of Commerce President Juan Carlos Delano] If the situation continues unchanged, we will be right on the government target at the end of the year. [end recording]

The item mainly responsible for the low inflation rate during June was food. It is worth noting the strong drop in the price of lemons, oranges, and especially apples, the price of which continues to drop due to difficulties in exporting them. On the other hand, prices of tomatoes, eggs, rice, and drinking water increased.

Government 'Shift' on Privatization Policy Viewed

PY0207223093 Santiago ESTRATEGIA in Spanish 23 Jun 93 p 3

[Editorial: "New Privatization Policy"]

[Text] The government attitude toward privatization has experienced a slow though sustained shift. Some officials have cautiously said that they would not oppose selling to private hands some enterprises that authorities have so far considered "indispensable assets" of the state.

Minister Secretary General of Government Enrique Correa admitted a few days ago that it is necessary to reconsider the privatization issue, and he described the current policy for the area. He said three categories of public enterprises have been defined. The first group includes "those that render service in competitive markets and that have no regulatory or long-term profit problems or other problems that justify ownership by the state." These enterprises will be privatized in the short and medium term.

A second group includes enterprises that operate in unregulated markets or fulfill social functions, for which a dependent regulatory framework should be devised as a precondition for privatization.

The third group includes enterprises the state should not privatize because they are "properly fulfilling promotion functions or because they are politically necessary for the state." This is the case of Codelco [Copper Corporation], Enami [National Mining Enterprise], and Enap [National Ports Enterprise].

The position of the Production Development Corporation [CORFO] underwent a remarkable change last week. In fact, after repeatedly refusing to consider the privatization issue, it included its main branch, Colbun Mahicura, in its privatization program. Corporation Enterprises Manager Gustavo Silva said that some possibilities for privatizing this company in the medium term are being considered.

Privatization of this company will be coupled with the progress made in the transfer of the Norte Grande Electrical Enterprise, which had to be divided in two sections that will be transferred to the private sector. This will eliminate the state monopoly in the transmission of power in the area. The international call for offers for the transfer of 33 percent of Edelnor-Generacion stocks has been set for the period between 15 and 30 August. The sale of 11 percent of Zofri [Iquique Free Trade Zone] stocks is expected to be completed by next month, when 49 percent of the enterprise will be in private hands. As for Lan Chile [Chilean National Airline], Corfo is waiting for clarification of the doubts affecting the airline business. Silva said that the call for offers for transferring the Maipo and Bio-Bio sewage processing systems—which will call for respective investments of $50 million and $40 million—will begin in the second half of this year. As for the Minera Aysen enterprise, he said all shares are expected to be sold within 90 days.

The current government term thus will end with little progress in the area of privatization. Like in all selling processes, the technically appropriate time is a parameter that the government apparently has failed to consider. In fact, because of its intransigent position on the subject, the state has suffered big losses because of enterprises that could have been transferred. The most obvious case is the National Coal Enterprise, whose expected losses for 1993 will surpass 7 billion pesos.

Colombia

Visiting Russian Deputy Minister Suggests U.S.-Cuban Dialogue

PA0607144193 Paris AFP in Spanish 1805 GMT 2 Jul 93

[Text] Santa Fe de Bogota, 2 Jul (AFP)— The Colombian Foreign Ministry reported on 25 June that Russia has asked Colombia, along with other Latin American countries, to propose a dialogue between the United States and Cuba aimed at lifting the U.S. economic embargo. Gueorgui Mamedov, Russian deputy foreign

relations minister, made the request during a two-day official visit to Colombia, the Foreign Ministry added.

Mamedov told Foreign Minister Noemi Sanin that Russia favors a rapprochement between U.S. President Bill Clinton and Fidel Castro. The deputy foreign relations minister suggested that Spain, Mexico, Venezuela, and Colombia propose the dialogue to allow Cuba to overcome the difficult situation it is facing due to the U.S. economic embargo. Foreign Relations Minister Sanin received Mamedov's proposal and said she agreed in principle but declined to elaborate.

Colombia and Russia signed a memorandum to begin a permanent political dialogue and agreed to sign a framework agreement for bilateral cooperation. The memorandum establishes that both countries will hold periodic consultations on common and international topics. The consultations will be held alternately in Russia and Colombia.

The Russian deputy foreign minister also made numerous contacts with Colombian businessmen, whom he invited to invest in his country, while announcing that the Russian Government is interested in investing in Colombia, especially in the electricity sector.

Mamedov also invited Foreign Relations Minister Sanin to visit Russia.

Army Conducts 'Operation Storm' Against FARC in Cauca

PA0707000393 Santa Fe de Bogota EL TIEMPO in Spanish 1 Jul 93 pp 1a, 11a

[Text] Cali—As a result of the Army's "Operation Storm" carried out in southern Cauca region in recent hours, the FARC [Revolutionary Armed Forces of Colombia] Bolivarian Militias and the group's financial structure were disabled. In addition, the Army seized weapons and ammunition.

Twenty-six 8th FARC Front guerrillas were captured and another three were killed during clashes in the southwest, in what has been regarded as the harshest blow to the FARC.

In addition, the Army seized more than 2 billion-pesos-worth of houses, vehicles, businesses, and bank accounts that were confiscated.

"It is important to inform the citizens that a harsh blow has been dealt to guerrilla finances with the seizure of property that was the result of kidnapping and extortion. All of the property was managed by front men."

The 8th Front area of operations included the Valle-Cauca border, the entire Cauca Department, Narino, and Putumayo. It took the Army over two months of intelligence work, culminating in "Operation Storm" in El Tambo, Argelia, Cabijio, El Bordo, and Morales in southern Cauca Department, to come up with these results.

Three rebels were killed in the clashes. In addition, the Army seized 155 sticks of dynamite, two rifles, eight shotguns, 12 revolvers, four pistols, two carbines, two hand grenades, and two rifle grenades.

Military spokesmen also indicated that four long- and short-wave radios, two vehicles, one motorcycle, 50 electric primers, 40 meters of safety fuse, 20 kg of cocaine, plus supplies to process it, and 50 kg of marijuana were also seized.

Brigade Commander Arevalo Pinilla explained that through intelligence work it was learned that the 8th Front is settled in a vast region south of Cauca that includes five municipalities.

"In simultaneous operations, we were able to dismantle Bolivarian Militia settlements involved in criminal activities, particularly the murder of peasants who refused to cooperate with them, as well as in kidnappings, extortion, and acts of intimidation," Arevalo Pinilla noted.

All the persons arrested were carrying firearms, ammunition, and communications equipment, according to the official report. The equipment seized and persons arrested were turned over to the Popayan Regional Command.

The brigade commander noted that "one of the most important aspects in the development of this operation was the large desertion of youths, who have been deceived."

Bucaramanga Bishop on Talks With FARC Members

PA0707002793 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 6 Jul 93

[Text] It was learned on 6 July that there is a new dialogue process under way with the guerrillas. On this occasion, the church took the initiative. Monsignor Dario Castrillon said he has been holding talks for several days with a large group of FARC [Revolutionary Armed Forces of Colombia] members who are interested in laying down their weapons. The Bucaramanga bishop said he has been holding talks for several days with approximately 300 FARC members, who want to engage in dialogue with the government.

[Begin Castrillon recording] There have been contacts, through letters, through mediators, and personal contacts as well. For me, the principal point is to be able to guarantee them jobs so they can be reintegrated. Certainly there will be other points raised in the talks. [end recording]

The national government is aware of these contacts. It is yet to be determined whether Msgr. Castrillon is going to be a mediator in the talks. The Bucaramanga bishop, however, is skeptical about this possibility.

[Begin Castrillon recording] Personally, I would not like to be a mediator. If it is going to be a public and spectacular type of dialogue, I will never participate. [end recording]

Msgr. Castrillon said that in the coming days he will brief the government on contacts with the Popular Liberation Army and the Army of National Liberation.

Escobar's Wife, Children Seek Refuge in Costa Rica

PA0707011393 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 6 Jul 93

[Text] Pablo Escobar's relatives resemble errant Jews throughout the continent. It was learned on 6 July that his wife and children have sought refuge in Costa Rica, creating a problem for that government similar to that of Chile where one of his nephews is staying. Their travels placed the countries, where they and other relatives of the drug kingpin might try to take refuge, on the alert. Peru, Bolivia, Argentina, Chile, and Costa Rica are on the alert to Pablo Escobar's relatives.

A Costa Rican newspaper on 6 July published a report based on information from Colombian intelligence officials which stated that Maria Victoria Henao, wife of Pablo Escobar, and his two children, Juan Pablo and Manuela, have been in that country for two weeks. The Costa Rican authorities, however, have remained silent.

For the time being, the Administrative Department of Security of Colombia is trying to establish how the wife and children of the Medellin Cartel leader left the country.

* Citizens Rate Mayors' First Year in Office

93SM0302A Santa Fe de Bogota EL TIEMPO in Spanish 30 May 93 pp 1-2B

[Text] The mayors who were popularly elected in March of last year will complete one year in office this Tuesday, 1 June. They belong to the third "batch" of mayors chosen directly by the communities they govern.

They are also the mayors who are making the transition from one constitution to another as far as terms of office are concerned. Their predecessors had two-year terms, and their successors will have three-year terms; they will serve two and a half years.

Their performance can be judged best by their communities. On this first anniversary of local government, EL TIEMPO hired the firm Yankelovich Innova de Colombia to ascertain their opinion of the person they chose to be mayor.

The poll was conducted in 10 department capitals, and the findings are revealing. Three mayors got failing grades: the mayor of Bogota, who did the worst; and the mayors of Cucuta and Cartagena, who were given marks below three on a scale from one to five.

In general, the residents of the 10 cities felt that the popularly elected mayors are, of course, better than their hand-picked predecessors, except in the cities in which the mayors got failing marks, where the disenchantment is such that it makes no difference to residents whether their mayor is elected or appointed.

The contrast with other cities is stark. The residents of Medellin, Manizales, and Cali are the ones most pleased with their mayors. Two of them are Conservative: Luis Alfredo Ramos in Medellin and Rodrigo Guerrero in Cali. German Cardona in Manizales is a Liberal. But all three came to power representing coalitions of so many political sectors that they wound up calling themselves civic.

Oddly enough, there is no social resentment against the mayor in most cities. In all except Barranquilla and Cartagena most of the population felt that their mayor works equitably for the upper, middle, and lower class alike. Most people in Barranquilla felt that their mayor, Bernardo Hoyos, is prone to work more for the lower class, in contrast to Cartagena, whose residents feel that their mayor leans towards the upper class.

The contrast between the country's two largest cities in terms of support for their mayors is quite striking. For example, only four percent of the residents of the capital of Antioquia gave their mayor a grade between one and two, whereas in Bogota 43 percent gave him this kind of mark.

Clearly, of course, the capital of the country has enormous problems and could easily be three times the size of Medellin. But people do not take these considerations into account when evaluating a mayor. A community wants its local government to be efficient and if it sees improvement, it acknowledges it; if it does not, its criticism is relentless.

People in Bogota, for example, acknowledge that their mayor, Jaime Castro, has made the streets cleaner, but the great majority feel that the condition of roadways has worsened. Paradoxically, the mayor is not doing that badly on the issue of crime.

The mayor of Medellin, for his part, did very well when residents were asked about the condition of roadways, but they are not happy with the battle against corruption. The mayor of Cali got his best grade in keeping the streets clean but did poorly in regard to public utilities. Meanwhile, the mayor of Barranquilla is appreciated for doing a good job with street cleaning and public utilities but is criticized in connection with road maintenance and environmental protection.

The mayor of Bucaramanga, Jaime Rodriguez Ballesteros, did fine in terms of street cleaning and roadways but not that well in the battle against corruption. In any event, it is a telling fact that in cities like this the coverage of electric power and water supply is 98 percent, whereas in Medellin it is 100 percent, in very

marked contrast to other places around the country, such as Pasto, where public utilities are a priority for residents.

The poll also finds that most residents would be willing to reelect their mayor. Even in Bogota the replies to the question were evenly divided.

With regard to the controversial Father Hoyos, the results were surprising. A considerable majority (60 percent) of the upper and middle class would reelect him; among the lower-income strata, in contrast, opinion is evenly divided.

In any case, the mayors' popular mandate has enabled people to become increasingly involved in solving their cities' problems and, in return, has made the mayors more sensitive to citizens' needs.

[Box, p 1B]

How the Poll Was Conducted

This public opinion survey was based on a total of 1,547 interviews.

The respondents include people from the three socioeconomic strata: 224 from the upper class, 863 from the middle class, and 355 from the lower class. The survey in Pasto was not broken down by class, owing to the difficulties in ascertaining the stratification there.

Around 200 interviews were conducted in each of the following cities: Bogota, Medellin, Cali, Bucaramanga, and Barranquilla. One hundred each were conducted in Cartagena, Manizales, Cucuta, Pereira, and Pasto.

The pollsters used the system of random digital dialing.

The survey was conducted between 20 and 26 May.

The overall margin of error was 2.5 percent; the margin is greater in the partial findings from each city.

The questionnaire was designed in accordance with objectives proposed by EL TIEMPO.

Note: As a complement to the poll, the editors of EL TIEMPO posed several of its questions to the mayors. When the mayors were interviewed, they did not yet know of the findings of the poll.

Popularly Elected Mayors Compared With Those Appointed by the Government (percentages)

City	Better	Worse	The Same
Bogota	28	21	43
Medellin	66	3	24
Cali	69	4	22
Barranquilla	53	13	31
Bucaramanga	60	8	26
Cartagena	46	14	38
Cucuta	33	11	50
Manizales	62	11	23
Pereira	50	9	35
Pasto	60	11	28

Citizens' Evaluation of Their Mayors (on a scale of one to five)

Mayor/City	Grade	Comparison with predecessor	Problem to which he should devote himself	Would you reelect him if you could?
Luis A. Ramos/Medellin	3.90	Better	Crime	Yes
German Cardona/Manizales	3.70	Better	Crime/corruption	Yes
Rodrigo Guerrero/Cali	3.59	Worse	Crime	Yes
Jaime Rodriguez B./Bucaramanga	3.52	Better or the same (evenly divided)	Corruption	Yes
Eduardo Romo/Pasto	3.43	Better	Public utilities	Half yes/half no
Ernesto Zuluaga/Pereira	3.37	The same	Corruption	Yes
Bernardo Hoyos/Barranquilla	3.21	Better	Corruption	Yes
Luis E. Cuadros/Cucuta	2.98	The same	Corruption	No
Gabriel A. Garcia/Cartagena	2.93	Worse	Corruption	No
Jaime Castro/Bogota	2.68	The same	Crime	Half yes/half no

Medellin

Mayor Ramos also answered the questionnaire. He believes that the people of Medellin will give him good marks. He thinks that under him crime has not gotten worse and that public utilities have improved. He says that the condition of roadways has improved the most. Ramos says that his priority is "to help the national government make the streets safer." He would not like to be reelected. "Being in here for three years will be a major contribution to society," he said.

It would not be going too far to say that the people of Medellin like their mayor a great deal. Some 85 percent have a good opinion of him. On a one to five scale, 72 percent give him a four or five, and just 4 percent fail him.

More than half of the residents of the Antioquia capital say that crime, public utilities, environmental protection, and street cleaning have improved.

Some 71 percent are of the opinion that the roads are in better shape than before. Perhaps the only area in which people feel that his performance has been less than successful is the battle against corruption.

When comparing him to his predecessor, Omar Florez Velez, 43 percent feel that Ramos is better and 35 percent that the two are the same.

To a plurality (45 percent) of Medellin residents, the mayor's priority ought to be crime; a third say corruption, and 10 percent, protecting the environment.

Seventy-four percent of this capital's residents would like to be able to reelect him.

Manizales

The mayor said that he would not rate his own performance in office. Cardona felt that the crime problem in his city has gotten better. In his judgment, public utilities are the same as when he took them over. Environmental protection has not improved, as there is the pollution problem in the Manizales River. The condition of roads has improved, he says, as Del Rio Avenue has just been opened. He did not care to compare himself with his predecessor and flatly ruled out the possibility of seeking reelection.

German Cardona Gutierrez should feel pleased about his first year as mayor of Manizales. Eighty-one percent of the population has a favorable impression of him. By and large, the people of Manizales feel that crime has gotten better, as have public utilities, environmental protection, and roadways.

Two-thirds of his fellow residents of Manizales felt that the city is cleaner now. Comparing him with his predecessor, 57 percent feel that he is better.

His popularity is not limited to the present. Seventy percent of the people of Manizales are willing to reelect him. The residents of the capital of Caldas, in defining the priorities that their mayor ought to focus on in the 18 months left in his term, mentioned crime first and then the battle against corruption, maintaining the streets, and improving mass transit.

The upper class felt that the mayor's priority ought to be the battle against corruption.

Cucuta

Luis Enrique Cuadros felt that the people of his city would give him high marks. He said that crime has lessened and that public utilities are also improving, since a water supply system will be inaugurated soon. As far as corruption is concerned, he said that only "10 percent" remains to be eradicated when the funds from the Finance Secretariat and the Treasury are handed over in trust. He promised that bus routes would be paved this year.

The mayor of Cucuta, Luis Enrique Cuadros, has made a favorable impression on 52 percent of Cucuta residents and an unfavorable one on 41 percent. This evenly divided opinion among people in the sense that they neither pass nor fail him clearly can be seen in the grades that he has been given. For example, 44 percent, close to a half, gave him a nondescript three, while 26 percent gave him between one and two. One-third gave him a grade between four and five.

As for public utilities, his failing grades are worrisome, as 49 percent say that they are worse than before while 33 percent feel that they are unchanged.

Forty-six percent think that Cuadros is no better or worse than his predecessor, while 36 percent say that he is better. In indicating the priorities that the mayor ought to devote himself to in the city, the people of Cucuta mention the battle against corruption first of all, and then crime, public utilities, preserving the environment, and roads.

Bogota

EL TIEMPO posed several of the questions in the poll to Mayor Castro. He did not care to grade himself. As far as he is concerned, the condition of roadways has improved, and so have public utilities, while the battle against corruption has intensified (the disagreements with contractors are being brought before an arbitration tribunal, not settled between the parties). He does not wish to compare himself with his predecessor. His priority is road repair. "Reelection is prohibited and, moreover, does not interest me," he said.

One-third of Bogota residents say that they think well of Mayor Jaime Castro. Fifty-eight percent, in contrast, have a poor impression of him. In describing his performance, 42 percent fail him with a grade of one or two (out of five), 37 percent give him a three, and 19 percent a four or five.

As for changes in the city's leading problems, 80 percent say that crime, public utilities, and the environment are the same as or worse than before. Roads are what the most people think are worse under Castro.

As far as one-third of capital city residents are concerned, administrative corruption has worsened.

People are divided in comparing him to his predecessor, as 32 percent say that Castro is better while 39 percent feel that the two are the same.

If the mayor could devote himself to solving just one problem, 35 percent of Bogota residents say that the problem ought to be crime; 28 percent, administrative corruption, and just five percent, the streets, the environment, mass transit, and public utilities.

The people of Bogota are divided on the issue of reelection.

Cali

The people of Cali have a good impression of their mayor, Rodrigo Guerrero. Sixty-eight percent say that they have a positive opinion of him; 14 percent have a bad opinion, and 18 percent say that they are not yet sure. He also gets good grades for his performance, as 59 percent give him a four or five, 31 percent a three, and just 10 percent a failing mark.

When the people of Cali are asked how they think certain priority issues have changed, they generally reply that the problems have gotten better or remained the same. As for crime, for example, 40 percent say that things are better, and just about as many say that they are the same. Only 22 percent feel that public utilities have improved. The people of Cali see the most improvement in street cleaning.

Guerrero's predecessor was even more popular, as 43 percent think that he was a better mayor and 32 percent that he was no worse.

The residents of the Cauca Valley capital feel that the mayor's priorities ought to be crime and the battle against corruption (36 percent), followed by public utilities (16 percent).

Sixty-three percent of Cali residents would reelect Guerrero if they could. Oddly enough, more men (72 percent) than women (52 percent) would reelect him.

Cartagena

A little under half of Cartagena residents have a good opinion of their mayor, Gabriel A. Garcia. One-third have a bad impression of him. As for his track record, 37 percent give it a grade of four or five; 28 percent, a three, and 36 percent fail him.

The lower classes think more highly of his administration. In connection with public utilities, 55 percent of citizens feel that things are worse today than a year ago. Feelings are similar with regard to street cleaning. As for crime, the environment, and battling corruption, the great majority think that things are the same or better than when the mayor took office. Only in the area of roadways do a plurality of people (40 percent) acknowledge that things have gotten better.

Fifty-six percent of Cartagena residents think that Garcia is worse than his predecessor and just 16 percent that he is better.

As in other coastal cities, the priority for the people of Cartagena is the battle against corruption, followed, in this order, by public utilities, crime, and protecting the environment.

People feel that their mayor is more concerned about solving the problems of the upper class. This is why 53 percent would not choose to reelect him.

Bucaramanga

Mayor Rodriguez Ballesteros said that he would be pleased if the people of his city gave him a grade of four out of five. He is sincere in his feeling that he has kept public utilities at the same level they were when he took over. This is not inertia on the part of his administration, he noted; it is just that the coverage of essential services is already 98 percent. The battle to preserve the environment has been stepped up, inasmuch as the office of environmental promotion and control has been created during his term.

Bucaramanga Mayor Jaime Rodriguez Ballesteros is well thought of by his city. Seventy-one percent have a good impression of him, and only 11 percent a negative view. Significantly, 55 percent of the people interviewed gave him a grade between four and five, and a third gave him a barely passing three.

The city is now doing better as far as crime, public utilities, roads, and street cleaning are concerned, according to the findings of the poll, although most people (41 percent) felt that the situation is the same with regard to preserving the environment.

He does well in comparisons with his predecessor, as 39 percent feel that he is better, and 38 percent that his performance is the same.

Fifty-three percent would be prepared to reelect him. His priorities for the remainder of his term are as follows: first, battling corruption and, then, in this order, crime, public utilities, preserving the environment, improving transit, and maintaining and expanding roadways.

Pasto

Residents of Pasto have a fairly good opinion of their mayor, Eduardo Romo. Sixty-one percent say that they think well of him. Half give his performance in office a grade of four or five; 24 percent give him a three, and 19 percent fail him.

In assessing how he has dealt with the city's main problems, an absolute majority think that public utilities and street cleaning are worse than a year ago. Around 70 percent feel that as far as crime, the environment, and the battle against corruption are concerned, things are the same or better than before. As for the condition of roads, more than half are of the opinion that it has improved.

Comparing him to the previous mayor, 28 percent think that Romo is worse, 30 percent that he is comparable, and 38 percent that he is better.

A plurality (35 percent) of Pasto residents feel that their mayor's top priority for the future ought to be improving public utilities. This is followed by the battle against corruption (29 percent), crime (14 percent), and improving the streets (11 percent).

Opinions as to his reelection are divided: half say yes, half say no. Nonetheless, among people 26 to 35 years of age, a large majority would reelect him.

Barranquilla

In reply to the question, Bernardo Hoyos said that it is hard to tell what grade people would give him. "Some will say five; others will say one." He thinks that his most important accomplishment so far has been to reduce corruption in city hall. Next comes the improvement in public utilities and street cleaning. His priorities for the future: public utilities and roads. He knows that people feel that he is more concerned about the poor.

One of the most controversial mayors in the country, Bernardo Hoyos of Barranquilla has preserved the good image with which he took office. The people of his city have so confirmed. Fifty-six percent feel that he has a good image, whereas 38 percent say that it is negative. It is a significant fact that his image is especially favorable among the middle and lower classes (57 percent).

He has one additional advantage: one year into his term, people feel, by and large, that he has done well in several areas, specifically in two that have traditionally prompted protests in Barranquilla. These are public utilities and street cleaning. In regard to the former, 56 percent feel that things are better than before, and as for the latter, 60 percent said that things are appreciably better.

The people of Barranquilla see some improvement in the area of corruption, one of the most controversial issues in the capital of Atlantico Department. Forty-one percent feel that the battle against this scourge is more resolute now than before. However, 42 percent think that corruption remains unchanged.

Most people in Barranquilla, 57 percent, feel that Hoyos is an improvement on his predecessor, and the same percentage is prepared to reelect him. The priority in Barranquilla, according to the respondents, remains the battle against corruption.

Pereira

Most people in Pereira have a good opinion of Mayor Ernesto Zuluaga. Sixty percent have a good impression of him, 17 percent a bad impression, and 23 percent are not sure how to judge him. Half give him high marks for his performance (four or five); 30 percent give him a three, and 17 percent give him a failing grade.

The citizens of the Risaralda capital feel, by and large, that their problems are the same or better under Zuluaga. Around 70 percent feel that things are the same or better as far as crime, the environment, and the battle against corruption are concerned.

As for roadways and street cleaning, most people see an improvement. In contrast, public utilities are in worse shape in the opinion of 36 percent of the people (especially among the lower strata). One-quarter feel that they are in the same condition.

Thirty-one percent of people in Pereira are of the opinion that Zuluaga is better than his predecessor; 37 percent that he is no different, and 21 percent that he is worse.

Corruption in government ought to be the mayor's priority as far as 35 percent of Pereira residents are concerned; 30 percent say that it should be crime, and 10 percent protecting the environment and fixing the roads.

Half of Pereira residents would like to reelect their mayor.

* Reasons for Texile Industry Crisis Discussed

93SM0314A Santa Fe de Bogota SEMANA in Spanish 1 Jun 93 pp 60-64

[Unattributed article: "Economy and Business: Toward a New Crisis?"]

[Text] Ten years ago, the Colombian textile industry was faced with one of the worst crises in its history. The problem had such dimensions that it nearly bankrupted the country's leading textile firms. Nevertheless, the textile businesses successfully surmounted the situation. Some, such as Coltejer [Colombian Textile Company], did so thanks to multimillion increases in capital, which was invested in updating technology. Others, like Fabricato and Unica, can thank successful solvent-creditor arrangements for avoiding bankruptcy. Hence, when the economic liberalization program was under discussion, the textile sector had already been reconverted, with levels of competitiveness that were enabling it to confront an organized competition without any problems.

Paradoxically, a series of measures adopted by the government at the end of last year, and the absence of mechanisms for customs control and control over the entry of goods, have changed the picture dramatically. So much so that the Industrial Monitor, a publication of the Development Ministry, claims in its latest edition: "The textile sector has had its growth curtailed and its

production even reduced. During the last quarter of last year, the latter declined 3.3 percent; and, during the first three months of 1993, it apparently has continued its downward pace."

The fact is that the economic liberalization program did not come at a good time for the textile producers because, with the elimination of trade restrictions, the country actually opened its doors to the crisis that the textile and ready-made clothing industries had been facing internationally since 1987. It originated essentially in two factors: worldwide overproduction, and the entry of the former Iron Curtain countries into the market.

The overproduction has been concentrated in the Asian countries, where stock levels have increased disproportionately. For example, in spinning mills, the worldwide stocks shot up from a theoretical level of 100 in 1987 to 202, reached in 1992. There are even countries such as Korea, with a level of 328. In weaving mills, the same index reached an average level of 126 worldwide in 1992; but in countries such as Pakistan it went as high as 188.

The foregoing is due largely to the industrial reconversion programs in Japan and Korea, which liberalized old machinery that had been installed in neighboring countries, such as the Philippines and Malaysia. However, there was also an effect from China, the world's largest producer which, with its economic and political liberalization program, engaged in exporting large volumes. Asia has 62 percent of the world's installed capacity for spinning, and 71 percent for weaving, producing two thirds of the world's textiles. And China accounts for half of that grand total.

The second factor fomenting the crisis appeared in 1990, with the entry into the world market of textile products originating in the CEMA [Council for Economic Mutual Assistance] (former Iron Curtain) countries. They have 18 percent of the world's installed capacity and the most modern machinery in the world. Countries such as Czechoslovakia and the Soviet Union were major producers of textile machinery and, since they had no concept of costs, they were constantly renovating their equipment. However, with the crisis generated by the decline in domestic consumption, and in view of their need to generate foreign currency, they engaged in leasing the plants to Western investors at ridiculous prices. There are instances wherein immense plants were leased for periods of up to 20 years at a price of approximately $1.2 million. What matters to them is the generation of jobs and foreign currency by way of exports.

As a result of the increase in stocks and the relentless competition under way in the sector (especially on the part of China and Pakistan, countries with extremely low wages), textile production on the world level has declined 11 percent during the past three years. For example, in Japan it has dropped 24 percent; in South Korea, 35 percent; in the West European countries, 16 percent; and in India, 36 percent. The United States has protected itself with import quotas and antibounty duties. Moreover, Mexico recently had to impose a 500 percent tariff on textiles coming from China.

The overproduction also has affected prices. For example, those for yarns have declined over 25 percent during the past five years, and not as a result of a cost reduction. On the contrary, while yarn production costs have risen an average of 30 percent worldwide, the yarn price index on the Liverpool stock exchange declined 35 percent between September 1990 and 30 April 1993. All the world's producers in general are losing in spinning manufactures. This is the origin of the Colombian and world cotton crisis.

On the other hand, the problem of the weaving industry must be observed. From the effect of the yarn price reduction, textile costs declined between 5 and 7 percent worldwide between 1987 and 1991. Concurrently, however, the value added has increased by an average of 20 percent in the majority of countries. This means that textile producers have suffered a major loss of profitability in recent years.

The Colombian Situation

The country has not escaped any of the aforementioned phenomena. In the case of cotton, the producers have traditionally been forced to pay a price far higher than the international quotation. At present, Colombia even imposes a 10 percent duty on imported cotton, whereas in most of the world's nations the fiber has no import duty. Yet Colombian cotton producers are losing large amounts of money, because their productivity levels are so low that the prices paid to them by the textile producers do not even compensate for their costs.

The world cotton industry has undergone a revolution in productivity, owing to phenomena such as the replacement of fumigation using agrochemicals by biological pest control, genetic improvement of seeds, and improvement of irrigation systems and infrastructure. Nevertheless, the country has remained backward in this respect, and the result is that productivity is 50 percent of that in Guatemala, for example.

And although the problem can also be explained by the lack of transportation and the insecurity in the rural areas, the fact is that, with the present productivity level, Colombian cotton producers would not have an attractive profitability even if the international price were doubled. However, the producers argue that the crop should subsist, because it generates 200,000 jobs. But the complaint of the textile producers is that the manufacturers cannot subsidize that, because they would all end up bankrupt.

Until recently, the cotton problem was always settled by way of the price. The textile producers paid up to 13 percent above the international price. But now, the combined effect of the economic liberalization program and the international crisis in the spinning industry is striking the rural areas very severely. This is because, in fact, part of the decline in consumption that cotton

producers have detected is due to the substitution with yarns made by the textile producers, also hard hit by the crisis.

The latter had no difficulty with the economic liberalization program until October 1992. And this was when $180 million worth of textiles was being imported from the United States, whereas two years earlier none were being imported. However, in October of last year two events occurred that have made 1993 a disastrous year: the dismantling of the official minimum price lists, and the reform of the customs system.

The latter is an exercise that may look good on paper, but in fact it requires a long period of time, while that entity becomes adjusted to an efficient proof after movements control system. In conclusion, the crisis threatening the textile industry does not originate in the economic liberalization program in general (which it survived for two years without any trouble). Rather, it originates, specifically, in two phenomena controlled by the government: i) the customs control mechanisms in effect, and (ii) the revaluation of the peso.

The well run economic liberalization program has no reason to be a problem. In fact, liberalizing imports is one thing, and lack of control is something quite different. As SEMANA noted recently, in Colombia "dumping," underbilling, and dollar laundering are occurring; and there is no means of effective control that would make it possible to protect the industry from these phenomena.

Dollar laundering through imports of textile goods has become one of the main problems. As the battle against the drug traffic has become more severe, and devices such as the "back-door" cashier's window and tax havens have been terminated, while the legislation in countries such as Switzerland and Panama has ended banking secrecy in cases wherein drug trafficking is suspected, holders of dollars originating in that business have been forced to seek devices to prevent those funds from passing through the banks. So, they have headed toward dealing in commodities, especially textiles.

Moreover, the serious aspect is that the drug traffic has all the logistics for doing so: It has the facilities for compensatory manufacturing costs, distribution chains through shopping centers in which it has invested, and funds with which to finance it. It also has the advantage that the textile trade is a very difficult business to control and quantify, because it deals in products for mass consumption. Since the Colombian consumer is very poor (he consumes only five kg of textiles annually per capita, whereas in the United States the consumption is 24 kg), there is a great demand for low-priced textiles.

The revaluation, for its part, has removed 20 points from the textile producers' competitiveness on both the foreign and local markets. The Colombian textile industry reduced its relative prices in dollars during the 1980's by 30.9 percent, owing to the effect of the modernization. Of that 30.9 percent of savings, 20 points were left in the importers' hands. In other words, 70 percent of the increased margin due to greater efficiency went to pay for the revaluation of the Colombian peso.

In brief, the international crisis in the textile industry, which has prompted many producers, especially the Asians, to engage in "dumping" to reduce excessive stocks, combined with the lack of control over the entry of goods into the country and the revaluation of the peso, brought the crisis to Colombia in 1993.

What To Do?

To prevent the occurrence of phenomena such as those described, most countries have certain mechanisms at their disposal, among which the quotas policy should be underscored. They allow the importing of products from abroad, but prevent the disorganization of the domestic market. Furthermore, they have a good investigation system, which enables them to establish antibounty duties quickly against "dumping." By so doing, they prevent the entry of very low priced products; and, whatever the reason for the low price, there is compensation for it, so that the product will reach the local commerce at a normal price. The textile area is so sensitive on the worldwide level that it is the industrial sector most regulated and protected by both tariff and nontariff barriers.

According to the textile producers, this was why the dropping of the list of official minimum prices being used in Colombia was so serious. The country ended up arguing that this mechanism was going to be replaced by a proof after movements control system on the part of the National Customs. But, although all the textile producers admit that Colombia could not maintain the minimum price system over the long term, owing to regulations from GATT and the Customs Valuation Code, they think that the country should have used the entire period of five years, counted from 1990, allowed it by those international conventions. Minimum prices are a transitory mechanism that should have been used, and it was unnecessary to engage in proving that Colombia is underdeveloped, so that it could benefit from that mechanism.

There are no official minimum prices in the industrialized countries, but there is an international reference price. That reference price is the one taken as the FOB value of the commodity. The official minimum price mechanism that was being used by Colombia does not admit evidence to the contrary. It is what is used to determine the basis for assessing duties and taxes, without taking the real cost of the commodity into account. That mechanism is allowed by GATT in the case of underdeveloped countries, because it recognizes the fact that, for the international reference price system to work and be effective, the customs system must be modern and very flexible.

In the United States, for example, the international reference price lists are updated daily. When a commodity arrives, it is immediately compared with the reference price, and if there is more than a 5 percent difference, an official investigation is opened, and an analysis by the customs inspector of textiles and a

physical appraisal are made. That country allows the entry of the commodity, but the burden of proof falls on the importer, who is the one required to prove that no "dumping" is being done. The system is so sophisticated that imports of textiles from a country such as Colombia (which accounts for less than 1 percent of the U.S. market) are subjected to constant investigations. And anyone who has been convicted a single time is subject to the system of mandatory physical appraisal for all his future imports.

The proof after movements control is a very good device, but the underlying deciding factor is the definition of "after movements." Whereas in the U.S. customs world the scope of the term "after movements" means two hours later, in Colombia, it is between seven and eight months, if things go well. And that period is sufficient to bankrupt an industry.

On the other hand, to make customs control more effective, imports of textiles into the United States can enter only through specialized ports. There are also mechanisms for international exchanges of information, making it possible to determine what export price was declared for the commodity in the country of origin, so as to compare it with the import price appearing on the declaration.

What the textile producers discern is so serious that, last week, something that no one would have believed a few years ago was achieved: the Antioquian textile producers joined with those of Bogota (who had always been fierce competitors and almost traditional enemies) to create the Textile Industry Chamber, and thereby avoid the crisis.

Disregarding the appeal for the government to adopt specific measures for a sector in jeopardy could spread the problem to other sectors, and generate an industrial crisis that would endanger the economic liberalization program. One need only recall that the industrial crisis of the 1980's started with the textile sector.

Investment in Assets (1991-1992)

Company	Total Assets (millions of pesos)	
	1992	1991
Coltejer	409,140	297,824
Fabricato	189,366	141,841
Enka	103,026	94,593
Tejicondor	78,352	51,528
Fibratolima	47,323	27,901
Quintex	43,146	35,283
Hilacol	32,830	20,913
Everfit	27,574	22,677
Unica	22,540	18,838

Investment in Assets (1991-1992) (Continued)

Company	Total Assets (millions of pesos)	
	1992	1991
Texpinal	21,033	18,429
Vicuna	15,699	14,669
Federaltex	13,827	12,971
Fabrisedas	12,810	11,273
Cinsas	10,863	9,308
El Cedro Text.	10,200	9,669
Hiland. Medellin	8,042	6,960
Fatextol	6,265	3,303
Fatelares	4,115	4,529
Hilander. Bogota	3,406	2,525
Colibri	8,252	5,736
Polimeros	33,537	32,777
Telarana	9,383	8,450
Subtotal	1,110,729	851,997
Other Companies	636,763	483,565
Grand Total	1,747,492	1,335,562

Index of Stocks at the End of 1991 (1987 = 100)

Country	Yarns	Textiles
Japan	206	130
Korea	328	177
Pakistan	223	187
Taiwan	170	132
Austria	285	106
Belgium	53	159
Finland	25	61
France	86	116
Germany	62	95
Italy	155	139
Spain	452	44
Switzerland	168	61
Turkey	90	97
United Kingdom	158	102
Brazil	66	87
Egypt	235	136
India	158	60
Portugal	110	108

Productivity of the Cotton Crop, 1993/1994	
Country	Kg/Hectare
Australia	1,636
Israel	1,623
Guatemala	1,022
Turkey	1,009
China-Taiwan	905
China-People's Republic	807
Spain	800
Pakistan	757
Mexico	751
United States	739
World Average	593
Colombia	552

Ecuador

Cabinet Presents Resignation to President

PA0607174193 Mexico City NOTIMEX in Spanish 1705 GMT 6 Jul 93

[Text] Quito, 6 Jul (NOTIMEX)--The Ecuadoran cabinet presented its resignation at the request of President Sixto Duran-Ballen on 6 July, official sources have reported .

Duran-Ballen asked the 14 cabinet members to update the resignations they presented in December 1992 so he could make changes to the government team.

The Ecuadoran president will give a televised address on the evening of 6 July to talk about the social benefit policy the government will implement in coming months. The cabinet changes, however, will be announced sometime this week.

Duran-Ballen has only made three cabinet changes since he assumed the presidency in August 1992 for a four-year term. The president appointed a new information minister to replace Pedro Zambrano, who died in an airplane accident. Social Welfare Minister Mariana Argudo resigned three months ago for health reasons, but no one has been appointed to replace her. Duran-Ballen has appointed Pablo Baquerizo as minister of energy and mines to replace Andres Barreiro.

Included among the resigning ministers are Foreign Minister Diego Paredes, Finance Minister Mario Ribadeneira, who is also chief of the foreign debt negotiating team, and Defense Minister General Jose Gallardo.

President Not To Report on New Cabinet

PA0707001293 Quito Voz de los Andes in Spanish 2300 GMT 6 Jul 93

[Text] The 14 cabinet members of the conservative Government of Ecuador have tendered their resignations, at the request of President Sixto Duran-Ballen, according to a government spokesperson.

In a REUTER interview, the spokesperson said that Duran-Ballen asked his ministers to update their resignations which they had tendered last December, to allow him to make changes in the cabinet. The spokesperson added that the appearance of Duran-Ballen, scheduled for the night of 6 July on a national television network, will not be used to report on the new cabinet composition.

The president will speak on television about the government's social benefit policy that will be applied in the coming months and the cabinet changes that will be announced during the course of the week.

Since he took office in August for a four-year term, Duran-Ballen only introduced three changes in the cabinet. One was in the Information Ministry, due to the death of the incumbent, Pedro Zambrano, in an aviation accident. The social Welfare Ministry post became vacant on 13 April when the incumbent minister resigned for health reasons. A replacement has not been appointed to that post.

Information Minister on 'Cabinet Crisis'

PA0707041193 Quito Voz de los Andes in Spanish 2300 GMT 6 Jul 93

[Report by Francisco Sanchez]

[Text] Information and Tourism Minister Carlos Vera Rodriguez admits there is a cabinet crisis and that President Duran-Ballen is studying their resignations and added that the president is the only person who will decide whether to accept their resignations.

[Begin recording] [Vera, in progress] ...yes, immediately. Basically, in my case I simply ratified my resignation and it is available to the president whenever he needs it.

[Unidentified reporter] Do these divisions within the cabinet affect the country's economic strides, the country's modernization process?

[Vera] Certainly, this situation cannot be kept up for very long because it generates a state of suspense, it generates uncertainty, and must be sorted out.

[Sanchez] Could it be termed a cabinet crisis?

[Vera] Yes, it is a cabinet crisis. It is no longer a minicrisis, but a broader one: a macrocrisis. All ministers have been asked to reiterate their willingness to resign and for the first time in the case of certain officials because they did not form part of the restricted cabinet.

[Reporter] Will the president meet with the expanded cabinet? What will the topics be?

[Vera] We have been summoned for 1530 to discuss the president's address tonight and immediately follow up with what he outlines. You already have some idea of what some of the points will be. The president will add the remaining points to the agenda. That is all I know about the topic.

[Reporter] Do you have any of the names of the new officials?

[Vera] I have heard many rumors but I am unable to ratify rumors. The president is the only person who can finally decide about this.

[Sanchez] What will the president tell the people when there has been a salary increase that the Ecuadoran workers reject?

[Vera] There will be some mention of this in tonight's speech, although I do not know what time he will speak. What I can tell you is that the labor minister has admitted that the increase is not fair, but it is what can be afforded; especially because it is an increase that does not add to inflation. Income increases are no good unless inflation is wiped out. The important thing is that the law made the increases mandatory; the president has kept his word and the law, and he has sought the resources with which to comply. We need an overall look at what we have done all year, not only in salary increases, but by reducing inflation. We need to remember that last month we had the lowest inflation in the past seven years. The previous month had nearly a record high inflation. In other words, please have the courage to also tell the people the good things we have achieved, just as the courage to tell the people the bad things that happen plus the criticisms and delays.

[Sanchez] Something specific: How can one speak and try to understand what the government does when a pair of shoes cost 75,000 sucres and the established minimum wage is [words indistinct]?

[Vera] Naturally, you must be speaking of Nike shoes?

[Sanchez] No.

[Vera] No, I can accept that things are expensive because I also go to the market and listen to what people say, but it all depends on what shoes you are talking about.

[Reporter] [words indistinct]

[Vera] I believe that the important thing is that the president should come out strong from the cabinet crisis. He is the president for four years; he is the president elected by everyone and we need to give him our support. [end recording]

Government Raises Monthly Minimum Wage

PA0207191093 Quito Voz de los Andes in Spanish 2300 GMT 1 Jul 93

[Text] The government raised the monthly minimum wage from 60,000 to 66,000 sucres, from $32 to $35, starting 1 July. The minimum wage increase will also benefit domestic servants, who will be paid 44,000 sucres per month, $23. Official sources explained the increase cannot be higher because the government would not have enough funds for pay readjustments in the public sector. According to the Finance and Public Credit Ministry, the increase entails additional spending of 70 billion sucres or $37 million.

Paraguay

Wasmosy Begins Visits to Brazil, U.S., Mexico, Chile

PY0607221993 Asuncion ULTIMA HORA in Spanish 6 Jul 93 p 13

[Text] President-elect Juan Carlos Wasmosy and his entourage departed this morning from Silvio Pettirossi International Airport for Sao Paulo, Brazil, the first stage of an extensive tour of several countries on the American continent. The tour is aimed at encouraging foreign investment and expediting the allocation of credits that have been offered to Paraguay.

As this issue went to press, Wasmosy was having lunch with Sao Paulo Government officials and Sao Paulo Industrial Union members. He will meet the local governor and mayor this afternoon. Wasmosy will end his activities here tonight with a dinner with authorities and possible Brazilian investors.

Wasmosy then will depart for the United States. He will meet in Washington with Enrique Iglesias, president of the Inter-American Development Bank, and top IMF executive members.

Last, he will go to Mexico and Chile, where he will meet Mexican President Carlos Salinas de Gortari and Chilean President Patricio Aylwin, respectively.

During these meetings Wasmosy will outline his government program that will begin to be implemented when he takes power on 15 August.

Argentina's Menem Says Pilcomayo River 'No Longer a Snag'

PY0207155293 Asuncion HOY in Spanish 2 Jul 93 p 5

[Text] After meeting on 1 July with [Paraguayan President-elect Juan Carlos] Wasmosy, Argentine President Carlos Menem spoke for some 10 minutes on the topic of the Pilcomayo River. He reiterated that Paraguay and Argentina have already promised to contract specialized technical services to study ways to solve the problems. He highlighted the fact that it is no longer a snag between

Paraguay and Argentina because both parties want a solution. [Argentine] Foreign Minister Guido di Tella also stressed that Argentine and Paraguay have already assumed a commitment to resolve the case, be it "plugging, opening channels, changing the river course, or whatever." He added that it cannot be said that the Pilcomayo River is a problem in relations between the two countries.

Brazil Objects to Agreements Between GATT, Government

PY0607203793 Asuncion ABC COLOR in Spanish 4 Jul 93 p 17

[Text] Brazilian negotiators' objections to the list consolidated by our country within the GATT have again emerged strongly within the framework of the Mercosur [Common Market of the South] technical meetings held in Asuncion between 27 June and 1 July, a position that somehow denies the support given to Paraguay's adherence to GATT, as recorded in a document signed by government experts from the four countries who thoroughly studied the implications of the matter in a special meeting in Asuncion on 3 June. The following Brazilian representatives participated in that meeting: Marco Antonio Brandao, Antonio Jose Castro, and Ernesto Henrique Fraga Araujo.

During the meeting of Mercosur vice ministers (30 June), Brazil again brought up its objections to the tariff concessions to GATT member countries, stating that "Paraguay contradicts its willingness to negotiate the common foreign tariff within Mercosur" with those consolidated preference levels.

According to reports, the objections did not end there, although the discussions were held behind closed doors. Brazil also has doubts about the effectiveness of the government experts' recommendations, made in Asuncion, concerning the item of individual compensation, which states that "the Mercosur members be committed to individually assuming the possible compensations that should be granted to other contracting parties of the GATT, in virtue of the common foreign tariff, in relation to the consolidations made in due time by each of the parties."

The Brazilians also expressed doubts about the effectiveness of what was decided concerning the technical studies, which states: "Technical studies should begin immediately to evaluate the degree to which each country is affected by the concessions granted within GATT, as well as the respective forms to face the possible compensations."

The disagreements that could exist concerning what Paraguay negotiated within GATT and the decision on the Mercosur foreign common tariff will be studied again during the Common Market Group technical meeting, which will be held between 4 and 6 August in Montevideo, Uruguay.

The coordination of the Mercosur countries' positions within the Uruguay round of GATT also will be discussed at that meeting.

Labor Under Secretary Replaced

PY0607182393 Asuncion ABC COLOR in Spanish 6 Jul 93 p 21

[Excerpt] The Executive Branch dismissed Labor and Social Security Under Secretary Oscar Martinez Perez yesterday. The measure was implemented through Decree No. 22181, that was signed by President Andres Rodriguez and Justice Minister Oscar Paciello. Roque Elizardo Bobadilla Cataldi replaces Martinez Perez.

On 23 June, ABC COLOR predicted Martinez Perez' dismissal after Minister Paciello revoked, on 22 June, approval of the collective bargaining contract signed by the ANDE [National Electric Power Administration] executive board and the workers union. Paciello reacted to Martinez Perez' approval of the agreement by asking the Executive Branch to fire the under secretary despite having denied this information. [passage omitted]